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CONTENTS

30 September 1988

INTERNATIONAL AFFAIRS

General

Li Peng Meets Foreign Envoys, Reaffirms Reform	1
GATT Meeting Reviews China's Signatory Status	1
Pakistani UN Official Reject Soviet Accusations	1
XINHUA 'Backgrounder' on UN Forces	2
Mitterrand Suggests Conference on Cambodia	3
Commentary Views Role of Economy in World Peace [JIEFANGJUN BAO 17 Sep]	3
Four Parties Begin Talks on Namibia-Angola	4
Correction to Preview of 43d General Assembly	5

United States & Canada

Qian Qichen Interviewed by New York TV Station	5
Qian Cited on Reform, Relations With U.S.	5
Rong Yiren Concludes Visit to United States	6
U.S. Ponders Satellite Launch on Chinese Rockets	7
Zou Jiahua Confers With Armand Hammer	8
Offshore Drilling Pact Signed	8
Zhang Jingfu Meets General Electric Delegation	8
Correction to Article on U.S. Trade Bill	8

Soviet Union

Jin Guihua Views Qian's Planned Soviet Visit	9
Ministers Will Discuss Cambodia [RENMIN RIBAO OVERSEAS EDITION 30 Sep]	9
'Background' on Upcoming Visits [Hong Kong TA KUNG PAO 30 Sep]	10

Northeast Asia

NPC's Ye Fei Fetes Visiting Overseas Chinese	11
Song Ping Meets Japanese Friendship Delegation	12
Tianjin's Li Ruihuan Meets Japanese Delegation [TIANJIN RIBAO 13 Sep]	12
Amity Group Marks Ties With DPRK	12

Southeast Asia & Pacific

Spokesman Reiterates Sovereignty Over Spratlys	12
Geng Biao Briefs Hoang Van Hoan on CPC Plenum	12
Direct Shenyang-Seoul Flights Said Permitted [Hong Kong SOUTH CHINA MORNING POST 29 Sep]	12
Enrile Opposes Extending Treaty on U.S. Bases	13
Papua New Guinean Delegation Visits Shandong	13

Near East & South Asia

XINHUA 'Commentary' Views Iran-Iraq Talks	13
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West Europe

EC Proposes Antidumping Duties on Japanese Firms	14
Envoy to Finland Fetes Koivisto on Eve of Visit	14
Lu Rongjin Meets FRG State Delegation [ANHUI RIBAO 27 Aug]	15
Sino-French Truck Production Begins	15
Prince, Princess of Wales To Visit 'Next Year'	15

East Europe

Poland Adopts Bond Law To Set Up Capital Market	15
Polish Youth Union Team Visits Tianjin	16
Hungarian Party Leaders Discuss Problems	16
Hungarian Official on Importance of Ideology	16
Hungarian Bank General Manager Visits Tianjin	16

NATIONAL AFFAIRS

CPC Central Committee Third Plenary Session Ends	17
Communique Issued	18
Central Advisory Commission Issues Communique	19
Communique on CPC Discipline Commission Plenum	20
Zhao's Reported Offer To Resign Said Discussed [Hong Kong CHENG MING 1 Oct]	20
Li Peng Speech at National Day Celebration	25
Media Not To Cover National Day Messages	26
Carrier Rocket Underwater Launch Reported [RENMIN RIBAO 28 Sep]	26
Significance of Launch [Hong Kong TA KUNG PAO 29 Sep]	27
Achievements in Missile Experiments Viewed [JIEFANGJUN BAO 19 Sep]	28
QIUSHI on Engaging In, Identifying Fraud [1 Sep]	29
Supreme Court Cracking Down on Economic Crimes	30
Energy Expert Calls for Conservation Law	31
Book on Party Discipline Rules Published	31
Hong Kong XINHUA Chief Criticizes CAAC [Hong Kong SOUTH CHINA MORNING POST 30 Sep] ..	31
State To Lessen Role in Arts Administration	32
Plant Reforms Military Product Inspection [JIEFANGJUN BAO 17 Sep]	33
Soldiers Battle Against Natural Disasters	33
Mergers Encouraged To Help Weak Enterprises	34
Importance of Internal Contracts to System [RENMIN RIBAO 26 Sep]	34
Auto Production To Double Next Year	35
Many Foreign-Funded Enterprises Licensed in 1988	36
'Surge' in Personal Foreign Exchange Deposits [CHINA DAILY 29 Sep]	36
'Roundup' on Foreign Loan Help for Railways	37
Rural Enterprises Show Dramatic Growth [CHINA DAILY 28 Sep]	37
Problems in Medical Profession Surveyed	38
Young People Most Interested in 'Making Money'	39
Correction to Interview With Tibetan Leader	39

REGIONAL AFFAIRS

East Region

Fujian Governor Chairs Meeting on Prices [FUJIAN RIBAO 14 Sep]	40
Quanzhou Development Zone Attracts Taiwanese	40
Jiangxi Cuts Down on Capital Construction	41
Shanghai Foreign Investment Projects Double	41

Central-South Region

Hubei Takes Steps To Protect Forest Area	42
Hainan Holds First National Day Reception	42
Guangdong Plans Large Thermal Power Plant	43
Guangdong Notice on Enterprise Armed Forces Work	43

Southwest Region

Lhasa Masses Prepare To Celebrate National Day	43
Tibet Radio Commentator Views National Day	43
'Lhasa Counterrevolutionary' Arrested in Tibet	44
'Massive Show of Force' by Authorities in Tibet [SOUTH CHINA MORNING POST 30 Sep]	44

North Region

Beijing Authorities Step Up Anticorruption Efforts	45
Beijing Military Region Restricts Spending	46
Xing Chongzhi, Officials Visit Hebei Teachers [HEBEI RIBAO 10 Sep]	46
Hebei Officials Attend Closing of Trade Congress [HEBEI RIBAO 7 Sep]	47
Namelist of Inner Mongolian Appointments [NEIMENGGU RIBAO 11 Sep]	47
Inner Mongolia CPPCC Meeting Opens 10 Sep [NEIMENGGU RIBAO 11 Sep]	47
Li Ruihuan Holds Talk With Tianjin Citizens [TIANJIN RIBAO 6 Sep]	48

Northeast Region

Liaoning's Quan Shuren at Commendatory Meeting [LIAONING RIBAO 8 Sep]	51
Liaoning Governor Attends Foundation Inauguration [LIAONING RIBAO 8 Sep]	52

Northwest Region

Qinghai Meeting Stresses Family Planning	52
Shaanxi City Holds Meeting on Improving Economy	52

PRC MEDIA ON TAIWAN

Taiwan Institute To Research PRC Investment	54
Generals Discuss Policy Toward Mainland	54
KMT To Hold Forums on Mainland Policy	54
Correction to LIAOWANG on Chen Li-fu Proposal	54

TAIWAN

Search Under Way for Crew of Sunken Korean Ship	55
Paraguay's Stroessner To Visit 7-11 Oct	55
Export, Import Firms Urged To Expand Capital	55

HONG KONG & MACAO

Hong Kong

Trade Head Welcomes U.S. Veto of Textile Bill [XINHUA]	56
Public Poll Reflects Mixed Feelings About 1997 [SOUTH CHINA MORNING POST 29 Sep]	56
Scholar on Public Apathy Toward Basic Law [SOUTH CHINA MORNING POST 30 Sep]	57
Liberals Win Pledge From Beijing on Consultations [SOUTH CHINA MORNING POST 29 Sep]	58

General

Li Peng Meets Foreign Envoys, Reaffirms Reform

OW3009025388 Beijing XINHUA in English
1302 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—Chinese Premier Li Peng met with newly-appointed ambassadors from nine countries here today.

These ambassadors are Phongsavath Bouppha from Laos, Bilal Simsir from Turkey, Ivan Nemeth from Hungary, Jose Armando Guerra Mechero from Cuba, Yondongiyn Ochir from Mongolia, Mady Ndao from Senegal, Augustin Karamage from Rwanda, Bjorn Ingvar Skala from Sweden and Badr Hamam Muhammad Badr from Egypt.

Extending a warm welcome to the ambassadors, Li Peng said that they will have the support and cooperation of the Chinese Government and its Foreign Ministry during their term of office.

Briefing the ambassadors on China's domestic situation, Li said that great successes have been scored in the reform over the past decade.

"We are now at a crucial moment. We shall deepen the reform in the next two years with emphasis on improving the economic environment and straightening out the economic order," he added.

He reaffirmed that China's policy of reform and opening to the outside world will not change, and that its economic and technical cooperation with other countries, far from being weakened, will continue to be consolidated and expanded.

GATT Meeting Reviews China's Signatory Status

OW2909172388 Beijing XINHUA in English
1704 GMT 29 Sep 88

[Text] Geneva, September 29 (XINHUA)—The fifth meeting of a working panel of the General Agreement on Tariffs and Trade (GATT) to discuss the resumption of China's status as a signatory concluded here yesterday.

The meeting marked that the process of resuming China's status as a signatory has entered an important phase, during which an overall review of China's foreign trade system and regulations is to be carried out.

This follows the phase in which the Chinese delegation answered more than 1,000 questions concerning China's economic, trade systems and regulations raised by delegates of GATT members.

Head of the Chinese delegation, Shen Jueren, told the session that 10 years of reforms have led to fundamental changes in China's foreign trade system and regulations.

Shen, the vice minister of China's foreign economic and trade relations, said that the market mechanism has taken over the key role in China's import and export industry, which complies with the General Agreement on Tariffs and Trade.

Shen expressed his welcome for a further overall review of China's foreign trade system and regulations by GATT signatories.

The next session of the working panel, created in March 1987 to discuss China's return as a GATT signatory, is scheduled in Geneva next year.

Pakistani UN Official Reject Soviet Accusations

OW3009020288 Beijing XINHUA in English
0128 GMT 30 Sep 88

[Text] United Nations, September 29 (XINHUA)—The Pakistani delegation to the United Nations this afternoon strongly rejected Soviet accusation of violations by Pakistan of the Geneva peace accords on Afghanistan.

At the noon briefing today, G. Gerasimov, head of the Information Directorate of the Soviet Foreign Ministry, accused Pakistan of "violating" the Geneva peace accords on Afghanistan and criticized the U.N. monitoring mechanism known as UNGOMAP (United Nations Good Offices Mission in Afghanistan and Pakistan) for its "failing" to investigate the violations and "lack of sufficient control".

Gerasimov even threatened that "the consequences of these actions may be unpredictable." But he didn't give further explanation about the possible consequences.

In a telephone interview with XINHUA, Mansoor Suhail, spokesman of the Pakistani delegation to the United Nations, described the Soviet accusation as "groundless and baseless".

"We categorically rejected the groundless accusation," he said.

Pakistan has also been complying and will continue to comply with the Geneva accords on Afghanistan, he added.

He also appreciated the activities of UNGOMAP both in Afghanistan and Pakistan. "The UNGOMAP is doing very useful job and we will continue our cooperation with it," he said.

On the contrary, he added, "we have a lot of evidence about the violations of the Geneva accords by the Soviet side."

Diego Cordovez, personnel representative of the U.N. secretary general on Afghanistan and foreign minister of Ecuador, also dismissed the Soviet criticism.

He told XINHUA that "I am surprised that Mr Gerasimov has been complaining about the (U.N.) monitoring mechanism, because I had one and a half hours meeting with Soviet Foreign Minister Eduard Shevardnadze and he said nothing about it."

Gerasimov also revealed to reporters that during the meeting of the foreign ministers of the five permanent nations of the Security Council yesterday afternoon, Shevardnadze raised this issue and suggested that the U.N. secretary general ask for a detailed report on the activities of UNGOMAP and inform the permanent members of the Security Council.

However, according to U.N. sources, the other permanent member states did not pay too much attention to Shevardnadze's complaint and his proposal was not mentioned in the statement of the five permanent states of the Security Council made public at the end of the meeting.

XINHUA 'Backgrounder' on UN Forces
OW2909212988 Beijing XINHUA in English
1904 GMT 29 Sep 88

["Backgrounder: U.N. Peace-Keeping Operations—XINHUA headline]

[Text] United Nations, September 29 (XINHUA)—The U.N. peace-keeping operations have been acknowledged as an effective means of maintaining international peace and security with the awarding of the 1988 Nobel Peace Prize to the peace-keeping forces this morning.

There are two main categories of the peace-keeping operations: the observer missions and the peace-keeping forces. They are normally established by the Security Council or the U.N. secretary general to help maintain or restore peace in areas of conflict.

The military personnel required are provided by U.N. member states on a voluntary basis. The peace-forces armed with only light defensive weapons are not authorized to use force except in self-defense. The military observers are not provided with arms.

At present, nearly 10,000 soldiers from 23 countries are serving in the U.N. peace-keeping operations. They wear United Nations blue berets or blue helmets with uniforms of their own countries.

Following is a summary of all the peace-keeping operations conducted by the United Nations in the past forty years:

U.N. Truce Supervision Organization (UNTSO). [sub-head]

UNTSO, the first peace-keeping operation was originally set up in 1948 at the end of the first Arab-Israeli war. It has since undertaken a number of assignments in the

Middle East and Africa. With a current strength of 299 observers, it maintains a U.N. presence in Sinai, has small detachments in Beirut and Amman, and assists U.N. forces in southern Lebanon and the Golan Heights.

U.N. Military Observer Group in India and Pakistan (UNMOGIP). [sub-head]

UNMOGIP was deployed along a cease-fire line in Kashmir following a cease-fire agreement between India and Pakistan in 1949. Today, some 38 observers continue to patrol both sides of the international border agreed upon in 1972.

U.N. Peace-Keeping Force in Cyprus (UNFICYP). [sub-head]

UNFICYP was established by the Security Council in 1946 to help quell intercommunal [words indistinct] on the island. Its 2,150 troops and 34 civilian police currently maintain calm along a 180-kilometer-long buffer zone while the secretary-general pursues a good offices mission in search of a settlement.

U.N. Disengagement Observer Force (UNDOF). [sub-head]

UNDOF came into being at the end of the 1973 Arab-Israeli war. Under a disengagement agreement between Israel and Syria the following year, UNDOF was deployed on the Golan Heights in an area of separation between the forces of the two sides. Its 1,330 troops and observers also monitor compliance with an agreement to limit forces and armaments.

U.N. Interim Force in Lebanon (UNIFIL). [sub-head]

UNIFIL was created by the Security Council in 1978 following the Israeli invasion of southern Lebanon. Its assigned mission was to confirm the withdrawal of Israeli forces, help restore peace and security to the region and assist the Lebanese Government in re-establishing its effective authority in the area. With a strength of 5,800 troops, UNIFIL has the same today, even though Israel has maintained a "security zone" north of the international border since its invasion of 1982.

U.N. Good Offices Mission in Afghanistan and Pakistan (UNGOMAP). [sub-head]

UNGOMAP was created in April 1988 as part of the overall settlement of the war in Afghanistan. Two inspection teams under the direction of the secretary-general were dispatched, one each to Kabul and Islamabad, to monitor implementation of the peace agreement signed on April 14 in Geneva.

U.N. Iran-Iraq Military Observer Group (UNIIMOG). [sub-head]

UNIIMOG was established by the Security Council in August 1988 to verify compliance with the cease-fire between Iran and Iraq which went into effect on August 20. It consists of 350 military observers.

The U.N. also foresees possible future peace-keeping operations in Western Sahara, Kampuchea, and Namibia (with a force of over 8,000 men).

The annual cost for administering these peace-keeping forces by the U.N. staff reaches 230 million U.S. dollars, more than a quarter of the U.N. regular budget, in addition to voluntary contributions by the troop-contributing countries.

Mitterrand Suggests Conference on Cambodia

OW2909202388 Beijing XINHUA in English
1717 GMT 29 Sep 88

[Text] United Nations, September 29 (XINHUA)—French President Francois Mitterrand said here today that France is now ready to host an international conference on Kampuchea in order to bring a quick end to the war in the Southeast Asian country.

France stands ready "to invite the parties involved to meet in Paris as soon as the conditions for a successful international conference have been fulfilled," Mitterrand told the 43rd U.N. General Assembly session which entered its fourth day of general debate.

France has played an active role in solving the question of Kampuchea and earlier this year hosted two rounds of negotiations between Prince Norodom Sihanouk and Prime Minister Hun Sen of the Vietnamese-installed regime in Phnom Penh.

However, the two rounds of talks between Sihanouk and Hun Sen failed to reach agreement on a number of essential elements concerning a political settlement in Kampuchea.

The talks were not attended by Prime Minister Son Sann of the Coalition Government of Democratic Kampuchea (CGDK), the internationally recognized government in Kampuchea and Vice President of Democratic Kampuchea Khieu Samphan.

Mitterrand, who met U.N. Secretary-General Javier Perez de Cuellar just before he spoke at the General Assembly, said that "an end to Cambodia's tribulations is in sight" now since there are some developments in the region that "may bring us closer to the hour of a political settlement."

He said those developments include the decision announced by Vietnam to end its intervention, the initiatives of the Association of Southeast Asian Nations and "the action of such leaders as Prince Sihanouk".

Observers here believe that Mitterrand was referring to the prince's resignation in July as president of Democratic Kampuchea after his meeting with former French Foreign Minister Claude Cheysson in Bangkok.

Vietnam invaded Kampuchea in 1978 and has maintained more than 120,000 military troops there.

Commentary Views Role of Economy in World Peace

HK2909093888 Beijing JIEFANGJUN BAO
in Chinese 17 Sep 88 p 4

["Weekly Commentary on Current Affairs" by Dongfang Tie (2639 2455 6993): "Economic Factors Are the 'Director' of Peace"]

[Text] Iran and Iraq have effected a cease-fire; the Soviet Union has withdrawn its troops from Afghanistan; Angola, Cuba, and South Africa are holding a tripartite dialogue; both parties in the Nicaraguan civil war are negotiating for a cease-fire; Chad and Libya are holding talks.... As if this world of ours had suddenly taken some medicine, the temperatures in many hot spots have dropped one after another, the trend of peace is increasingly obvious, and the words relating to "detente" and "a political solution to disputes" have suddenly increased. While pleasantly surprised, many people cannot help asking: What has gradually put an end to disasters caused by wars and what factors have contributed to peace?

Some people attribute this to the peace efforts by the countries concerned, others say that this is the result of policy readjustments by the superpowers, and still others hold that the United Nations has made indelible contributions in terms of mediation. Opinions differ but each has its own truth. In any case, there is one point which cannot be overlooked—namely, economic factors have played a decisive role in the world situation. That is to say, it is the economy that has "directed" peace.

When discussing the relationship between war and economy, Marx used the following metaphor: "When bumping into acute 'economic' problems, the point of a bayonet will turn as soft as a candle wick." A case in point is the Iran-Iraq war. On 24 August Japan's SANKEI SHIMBUN reported the inside story of Iran's decision to accept UN Resolution 598, holding that the principal reasons behind Iran's decision are the "deterioration of the war situation and the pressure of the domestic economy." Over the past 8 years, the Iran-Iraq war has cost hundreds of billions of dollars and left as many as 1 million people dead. The foreign debts of the two countries exceed \$70 billion. According to an estimate by Japan's Research Institute of Middle East Economy, it will take Iran and Iraq at least 10-30 years and \$150 billion to return to the prewar level. If the war should continue, more manpower and material resources, especially the valuable oil resources, will be consumed for nothing in the flames of war. Even if one party should win, it will also lose the foundation for

economic growth. For this reason, the Iran-Iraq war is called an "economic suicide" in the West. To stop the "suicide," the most sensible method is to stop the war. Therefore, the economy, which has been dragged down by the war, has in turn played a restrictive role in the war.

As for the "policy readjustments" of the superpowers, there is also a profound economic background. A theory on the economy getting the upper hand now prevails in the United States. The most representative is an article carried on 11 August by THE WALL STREET JOURNAL, the mouthpiece of big financial groups. According to this article, "the threat to U.S. well-being posed by economic competition from its capitalist allies is greater than that posed by communism" and that the United States should shift the priority of its security strategy from the "containment of communism" to the world's economic competition. The article also quoted the Democratic Party's presidential candidate Michael Dukakis as saying: "The greatest challenge in the next decade will be the economic challenge." In a recent national public opinion poll jointly conducted by the U.S. Democratic and Republican parties, 59 percent of the people surveyed held that the greatest threat to U.S. security is economic competition from other countries, while only 31 percent of the people hold that the greatest threat still comes from the Soviet Union. Therefore, the brilliant tactic offered by the brain trusters of big U.S. financial groups is to reduce military confrontation and to concentrate efforts on dealing with economic competition to ensure the U.S.' leading position and "leadership role" in economy and to occupy a leading position in the world's economy, science, and technology.

There are also similar arguments in the Soviet Union. They regard the economic challenge between the end of this century and the beginning of the next century as a primary issue on whether or not the Soviet Union can preserve its status as a great power. They also hold that the Soviet Union should try as far as possible to avoid a direct clash with the United States on issues of regional conflict. Since the United States and the Soviet Union feel the same about this, they fit in readily, bringing about some readjustments in the foreign policies of the two countries. Therefore, there is a possibility to ease previous military confrontations in the Gulf, Middle East, Afghanistan, southern Africa, and Central America.

The theory on the economy getting the upper hand also holds that objectives which can hardly be attained through military means can be attained through economic means in the world today. The latest proof of this view is that Japan, which previously looked at the Iran-Iraq war with indifference, has adopted an attitude of currying favor with both sides. After Iran and Iraq effected a cease-fire, Japan was not only listed by Iran as "a country maintaining friendly relations in the war" and has a priority to invest in Iran but it has also quickly entered the Iraqi market, thus coming up first among many competitors. On the other hand, in an attempt to

put its foot in the Gulf, the United States has spared no expenses in dispatching naval fleets to the Gulf. Although it has made tremendous efforts, it is still left in the cold and can only look on while other countries reap the spoils of victory effortlessly. This consequence cannot but make those countries worshiping force of arms think thrice before they act.

If we make a comprehensive survey of history, we can see that many wars are ultimately caused by economic factors. Sometimes, however, when the warring parties have come to realize that a persistent war will seriously harm their countries' economies, the war is also likely to turn into peace. In the wake of constant development and changes in the current world's economic situation, people will see more clearly that on more occasions the economy will serve as a powerful lever in solving international conflicts.

Four Parties Begin Talks on Namibia-Angola

OW2709051988 Beijing XINHUA in English
0151 GMT 27 Sep 88

[By Liu Shangyang, Xu Zhenqiang]

[Text] Brazzaville, September 26 (XINHUA)—The four-party talks among Angola, Cuba, South Africa and the United States on Namibian-Angola settlement re-opened today at the conference hall of Hotel Mbamou Palace in the Congolese capital, under the form of bilateral and trilateral talks on the basis of the progress already achieved during the previous rounds of talks.

The U.S. delegation held talks with the South African delegation this morning and then with the Angolan-Cuban delegation in the afternoon. Newsmen were allowed to enter into the conference hall just for two minutes before the beginning of the talks.

During the current round of the talks, the four delegations will pursue their discussions on the timetable for Cuban troops withdrawal from Angola. At the end of the last round of talks, the four sides have reaffirmed their commitment to the proposed November 1 target for the implementation of the U.N. Security Council Resolution 435, and narrowed their differences on the timetable for Cuban troops withdrawal from Angola.

All the parties concerned have advanced their conditions for concluding the accord. For instance, the Angolan-Cuban side demands a cessation of U.S. and South African support to UNITA [National Union for the Total Independence of Angola], the Angolan opposition army, while the U.S. and South African side called for national reconciliation between the Angolan Government and UNITA.

It seems that the success of the current talks will depend in a great degree upon the flexibility of the various sides on their proposed conditions.

It is noted that the current round of the talks proceed in a relatively good atmosphere following U.N. Secretary General Perez de Cuellar's visit to South Africa and Angola, as well as the withdrawal of South African troops from Angola and the tranquillity prevailing over the Angolan-Namibian borders. All these factors constitute favourable conditions for the success of the talks.

The current round of the talks is scheduled to end on Wednesday [28 September] evening.

Correction to Preview of 43d General Assembly

The following correction pertains to the item headlined 'Article Previews 43d General Assembly,' published in the 28 September China DAILY REPORT, pages 1-5: The edition number in the sourceline should read "No 38" (correcting incorrect edition number "No 39").

United States & Canada

Qian Qichen Interviewed by New York TV Station
OW3009102188 Beijing XINHUA Domestic Service
in Chinese 0718 GMT 30 Sep 88

[Text] New York, 29 Sep (XINHUA)—In an interview with the Apple Television Station in New York this evening, Chinese Foreign Minister Qian Qichen said that he will continue to hold discussions with the Soviet side on the Cambodian issue and the question of Soviet troops stationed in Mongolia and along the Sino-Soviet border during his visit to the Soviet Union within this year. He expressed the hope that through such discussions Sino-Soviet relations will develop in the direction of improvement.

However, he added: "At present, there is no breakthrough in Sino-Soviet relations that we can speak of."

He said: The Chinese and Soviet vice foreign ministers explored the Cambodian issue in detail when they met in Beijing last August. China and the Soviet Union shared some common ground on the Cambodian issue, but major differences still existed. At that time, it was agreed through discussions that the Chinese and Soviet foreign ministers will continue to discuss this issue when the UN General Assembly is in session.

He said that, at his meeting with Soviet Foreign Minister Shevardnadze yesterday, they concentrated on discussing the Cambodian issue. He said: The Soviet side expressed willingness to make efforts to have Vietnam withdraw its troops from Cambodia. Because of this, we feel that discussions on the Cambodian issue should be continued, and therefore the Chinese foreign minister will visit the Soviet Union within this year.

Minister Qian said: In the past, the Soviet Union always said that it had nothing to do with the Cambodian question and was unwilling to discuss this issue. Now it describes the Cambodian issue as a question which casts

a shadow on Sino-Soviet relations and, therefore, wishes to discuss the issue. It may be said that both sides are willing to see a fair and reasonable settlement of the Cambodian issue as early as possible.

In answer to a question about Sino-U.S. relations, Foreign Minister Qian said: The main obstacle to Sino-U.S. relations is still the Taiwan question because the United States has a "Taiwan Relations Act." However, if both sides can strictly abide by the principles established in the three Sino-U.S. joint communiques, the relations between China and the United States will develop smoothly.

Qian Cited on Reform, Relations With U.S.

OW3009013088 Beijing XINHUA in English
0050 GMT 30 Sep 88

[By Hong Yunxi]

[Text] New York, September 28 (XINHUA)—Both China and the United States have made and can continue to make contributions towards encouraging the international situation to move in the direction of dialogue and relaxation, Chinese Foreign Minister Qian Qichen said today.

He also told an American audience of more than 300 experts, scholars and public figures that a China pursuing reform and the open policy constitutes an important international factor of stability and peace.

He made these statements in a speech titled "China's Reform and Sino-U.S. Relations", delivered at a luncheon arranged in his honor by the Foreign Policy Association.

The past decade witnessed a reform extending from China's rural areas to urban ones and from the economic structure to the political, thus greatly changing the face of the country, Qian said.

In today's China, he went on to say, the monotype system of planned economy has been torn down. While the economy of public ownership maintains a dominant position, private and individual economy has registered a rapid growth, and joint Chinese-foreign equity or contractual ventures and wholly foreign-owned enterprises have been increasing in number.

In the distribution of income, China has done away with egalitarianism, and a variety of responsibility systems have been introduced extensively in urban and rural enterprises, he said.

The state of self-seclusion, a legacy of history, no longer exists. Instead, the policy of opening to the outside world is being effectively implemented as a long-term state policy, he said.

The Chinese foreign minister continued that alongside the gradual unfolding of economic restructuring, the reform of political structure also gets going. China is trying hard to better its legal system, promote democracy, improve the system of people's congresses, and give full play to the positive role of the system of political consultation in the nation's political life.

In the past decade, Qian Qichen said, China's GNP has doubled with an annual growth rate of 9.3 percent. Annual grain output has gone up by 100 million tons during the period. The perennial problem of inadequate food and clothing for China's one billion people has at last been basically solved.

A China which pursues an open policy promises a huge market to the world, Qian said. This market is largely just a potential at present, but along with the development of the country, it will grow into a huge, solid market.

As for international relations, he said, China has always advocated adherence to the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each others internal affairs, equality and mutual benefit and peaceful co-existence. It is the existence or absence of such adherence rather than the similarity or difference of social system that determines the state of relations between countries, he stressed.

Several years back, he said, China created and put forward the formula of "one country, two systems," on the basis of which it reached agreements through negotiations respectively with the governments of Britain and Portugal on the questions of Hong Kong and Macao, both legacies leftover from history. "The reunification of Taiwan with the mainland is China's internal affair, which we also intend to settle on the basis of the formula of one country, two systems so as to bring about the peaceful reunification of the country," he said.

Turning to Sino-U.S. bilateral relationship, the Chinese foreign minister said that on the whole it has been one of forward movement during the first decade following the establishment of diplomatic relations between the two countries.

The expansion and intensification of bilateral exchanges in various fields have not only brought benefits to both China and the United States but also played a stabilizing role in the international arena. Such a hard-won situation should therefore be cherished, he said.

Sino-U.S. relations are based on the principles set forth in the three joint communiques issued by the governments of the two countries. They invariably register healthy and smooth progress when these principles are

strictly observed in conduct and various interferences removed. Conversely, frictions invariably crop up to the detriment of the bilateral relations. This is an experience of the past decade, he said.

On the international situation, Qian Qichen said that at present, there is a marked improvement in the international situation, with dialogue on the increase, confrontation on the decline and hot spots cooling down. This is the result of concerted efforts by various countries throughout the world, and the status of Sino-U.S. relations has a significant impact on the international scene.

He emphasized that Sino-U.S. economic ties occupy an important place in China's overall foreign economic relations, which are now on a course of wide expansion. Sino-U.S. trade has made rapid progress and, for many years, the United States has ranked first in terms of private foreign investment in China. All this deserves a positive appraisal. However, looked at from another angle, U.S. private investment in China by the end of 1987 is still a mere 13.3 percent of the total direct private foreign investment there, and the volume of Sino-U.S. trade accounts for only about 1 percent of U.S. total foreign trade. So obviously the room for further growth is substantial.

He pointed out that China is the largest developing country in the world and the United States the largest developed country. Economic exchange between the two countries on a larger scale on the basis of mutual benefit may serve as a fine example of North-South cooperation.

Concluding, he expressed the hope that the coming decade will see a continued relaxation of international tension, a more secure peace in the world, an ever-deepening reform and ongoing economic prosperity in China, a steady development of Sino-U.S. relations and mutually beneficial cooperation.

Foreign Minister Qian Qichen then answered a number of questions put by the audience.

The luncheon was presided over by Maurice R. Greenberg, governor of the Foreign Policy Association and president and chief executive officer of American International Group—the world's largest insurance consortium.

Ambassador Li Luye, Chinese permanent representative to the United Nations, and Ambassador Ding Yuanhong, deputy permanent representative, were present at the luncheon.

Rong Yiren Concludes Visit to United States
HK3009090788 Beijing ZHONGGUO XINWEN SHE
in Chinese 0829 GMT 28 Sep 88

[Text] New York, 27 Sep (ZHONGGUO XINWEN SHE)—Rong Yiren, chairman of the China International Trust and Investment Corporation, ended his visit to the

United States today. He told a group of people from U.S. banking and business circles: There is no question of orientation in China's reform and open policy; there is only a problem of practical steps. U.S.-Chinese economic cooperation has bright prospects.

Rong Yiren, who is also vice chairman of the NPC Standing Committee, from 11 to 27 September visited U.S. financial and industrial cities including Boston, Wilmington, Minneapolis, St Paul, Detroit, and New York. He had extensive contacts with people from financial and business circles, including bankers Rockefeller and Butcher [bu che 1580 1796], Chrysler's chairman Greenwald [ge lin wo er de 2706 2651 3087 1422 1795], General Motors' president Stample [si tan pu er 2448 0982 2528 1422], computer magnate Wang An, former secretary of state Henry Kissinger, former vice president Walter Mondale, and the Delaware and Minnesota state governors. He briefed them about China's persistence in reform and opening up to the outside world, the problems it is meeting, and the methods for their solution. They discussed in depth bilateral economic and trade cooperation and attained quite substantial results.

A key item during Rong Yiren's visit to the United States was to develop cooperation between the Chinese and American automobile industries. Chrysler and General Motors, which have started to sell technology and production lines to China, have expressed their desire to expand cooperation with China. Both parties have initially agreed that the factories under the China International Trust and Investment Corporation will manufacture automobile parts and components for the two companies and will make further efforts to produce complete cars. Ford Motors has also expressed its desire for cooperation.

After holding talks with major financial groups in New York, Rong Yiren has gained the promises of a number of investors. They have formed an organization in preparation for making investments in China in the near future. They have asked the China International Trust and Investment Corporation to supply investment items. For commercial reasons, however, the group demanded that the details of the cooperation should not be made public for the time being.

In Delaware, Rong Yiren inspected the Phoenix Iron and Steel Corporation, which was declared bankrupt and which the China International Trust and Investment Corporation purchased last year at a cost of tens of millions of dollars, and received the state governor's promise of full support. The company will strive to resume work at the end of this year.

Rong Yiren has also reached an initial agreement with the governor of Minnesota, under which the China International Trust and Investment Corporation will establish contact with the state's trade development

council to vigorously develop economic and trade cooperation between China and the state, especially to import advanced agricultural and animal husbandry technology and high technology items from the state.

U.S. Ponders Satellite Launch on Chinese Rockets
OW2909131088 Beijing XINHUA in English
1057 GMT 29 Sep 88

[Text] Washington, September 28 (XINHUA)—The U.S. House of Representatives held a joint hearing here today on "proposed sale and launch of U.S. satellites on Chinese missile."

During the hearing, the State Department and Defense Department officials defended the administration's stand by pledging safeguards for sensitive U.S. technologies with potential military applications. Meanwhile, two congressmen and some industrialists expressed their opposition to the proposed satellite launch on Chinese rockets.

The State Department notified Congress on September 12 of U.S. Government's plans to approve export licenses for two communications satellites to be launched by an Australian company and a Hong Kong-British consortium aboard Chinese rockets.

If approved, they will be the first ever approved by the U.S. Government for shipment of U.S.-made satellites to a non-Western destination.

Among the seven witnesses who testified at the hearing Wednesday, Congressman Bill Nelson predicted "negative" effects on U.S. commercial launch industry by granting an export license for the Chinese rockets.

He criticized the Government for treating technology transfer "in a very narrow manner", which he said would put "in jeopardy the transfer of important technology", mostly referring to sensitive U.S. technologies with potential military applications.

Under U.S. law, Congress has 30 days to block the license approval.

Defending the decisions by the Administration, Assistant Secretary of State Eugene McAllister pledged that final approval will depend on the signing of U.S.-China agreements to safeguard sensitive technology and prevent unfair pricing.

The United States "will hold up issuing the licenses until all agreements are obtained from the Chinese," McAllister said.

To join in McAllister's fighting against efforts by industrial officials to urge Congress to block the approval, Deputy Assistant Secretary of Defense Karl Jackson declared that approval of the licenses was "consistent with fundamental U.S. goals".

China's limited entry into the space market will not "cause severe or permanent damage to that developing U.S. industry," Jackson said.

Furthermore, he said, China's entry "will provide no additional impetus to the development of China's military capabilities to include its capabilities in space".

The hearing was jointly held by the U.S. House Subcommittee on Arms Control, International Security and Science, the Subcommittee on Asian and Pacific Affairs and the Subcommittee on International Economic Policy and Trade.

Zou Jiahua Confers With Armand Hammer

OW2909155388 Beijing XINHUA in English
1500 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—State Councilor Zou Jiahua met Dr Armand Hammer, chairman of the board and chief executive officer of the Occidental Petroleum Corporation of the United States, at the Diaoyutai State Guesthouse here tonight.

Zou said coal is China's major energy resource, and thanked Hammer for his contributions to the development of China's coal industry.

He said, China's power industry mainly depends on coal and what affects the development of power mostly is the problem of transport capacity.

According to the councilor, China must add at least 10 million kilowatts of power every year to meet the increasing demand; that means another 25 to 30 million tons of coal. "This will put a great pressure on railway transport," he said.

He told Hammer that China has been considering building new highways and new railway lines, and further opening up navigation to facilitate the transportation of coal.

He also mentioned that China is also considering to accelerate the development of hydropower and build power plants near coal mines.

Hammer suggested that China speed up the development of its oil industry and expressed the wish to expand cooperation with China in this field.

Offshore Drilling Pact Signed

OW2909161188 Beijing XINHUA in English
1458 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—The China National Offshore Oil Corporation (CNOOC) and the Occidental Petroleum Corporation group of the United States signed a supplemental oil development agreement at the Diaoyutai State Guesthouse here tonight.

The agreement, signed by CNOOC President Zhong Yiming and Occidental Chairman Dr Armand Hammer, is supplementary to the one for the 28/23 contract area in the Pearl River delta in the South China Sea specifying drilling one exploratory well and conducting a test of deepwater production techniques.

The contract was awarded in August 1983, with Occidental as the operator. Between April and May 1986, an exploratory well was spudded on the flank of the Lufeng 22-1 prospect in the extended area of this contract and a sandstone oil deposit was discovered.

According to the new agreement, Occidental will finance one more exploratory well. If the reservoir proves commercial, the group can take the option of conducting a test on deepwater production techniques for a period of four years.

The group is composed of Occidental Eastern Inc of the United States, CSR Orient Oil Pte and Ampolex (Orient) Inc of Australia, Repsol Exploration S.A. of Spain and Tricentrol Exploration Overseas Ltd of the U.K.

Chinese State Councilor Zou Jiahua and Energy Minister Huang Yicheng were present at the signing ceremony.

Zhang Jingfu Meets General Electric Delegation

OW2909185388 Beijing XINHUA in English
1532 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—Former Chinese State Councilor Zhang Jingfu met Paul Van Orden, executive vice-president of the General Electric Company of the United States, and his party here today.

Zhang expressed his welcome for the G.E.'s intention to invest in China.

Correction to Article on U.S. Trade Bill

The following correction pertains to the item headlined "Article Tems U.S. Trade Bill 'Protectionist,'" published in the 28 September China DAILY REPORT, pages 8-10: The edition number in the sourceline should read "No 38" (correcting incorrect edition number "No 39").

Soviet Union

Jin Guihua Views Qian's Planned Soviet Visit

OW2909210688 Beijing XINHUA Domestic Service
in Chinese 1434 GMT 28 Sep 88

[Text] Beijing, 29 Sep (XINHUA)—Jin Guihua, a Chinese Foreign Ministry spokesman, said here today that when Chinese Foreign Minister Qian Qichen visits the Soviet Union this year, he would continue to exchange views on the Cambodian question with the Soviet side.

He said: The specific date of Foreign Minister Qian Qichen's visit to the Soviet Union is yet to be decided through bilateral consultations.

Jin Guihua made these remarks when answering questions raised by reporters at a news briefing held this afternoon.

Jin Guihua said: At the U.N. General Assembly, the Chinese and Soviet foreign ministers exchanged views on the Cambodian question, bilateral relations and other issues of mutual concern. The two sides decided through consultation that Chinese Foreign Minister Qian Qichen will visit the Soviet Union within the year.

He said: Qian Qichen will continue to exchange views on the Cambodian question with the Soviet side during his visit to the Soviet Union. The Chinese side has taken note of the Soviet willingness to work for an early settlement of the Cambodian question.

Jin Guihua said: The two sides reached agreement in principle long ago on the exchange of visits by their foreign ministers. During the U.N. General Assembly the two foreign ministers discussed concrete matters concerning the visit.

He said, there exist three major obstacles in Sino-Soviet relations, with the question of Cambodia being the principal obstacle of the three. But there appear to be some indications now that will help in the removal of these obstacles.

He said: "We have taken note of the Soviet willingness expressed by Gorbachev in his 16 September speech to work for an early settlement of the Cambodian question. The August working meeting by the Chinese and Soviet vice-foreign ministers and their recent meeting at the United Nations have provided a basis for a continuing discussion on the Cambodian question by both sides.

Jin Guihua hoped that the Soviet Union would continue to make concrete efforts in this regard.

A reporter asked: When the Chinese and Soviet foreign ministers discussed the Cambodian question at the United Nations, were the stands adopted by the two sides closer than before?

The discussion by the Chinese and Soviet foreign ministers at the United Nations was carried out on the basis of the working meeting by the Chinese and Soviet vice-foreign ministers held in August this year, replied Jin Guihua.

With regard to the meeting between the Chinese and Soviet leaders, Jin Guihua said: This meeting was first proposed by the Chinese side. There will be a lot of arduous work to do between the scheduled visit to the Soviet Union by Chinese Foreign Minister Qian Qichen and such a summit by the leaders of the two countries. It can be said that the exchange of visits by Chinese and Soviet foreign ministers constitutes a step forward toward a summit meeting of the two countries' top leaders. He said: The summit meeting of the Sino-Soviet top leaders is conditional. That is, the Soviet Union must urge Vietnam to withdraw its troops from Cambodia as soon as possible. When conditions are ripe, the summit meeting between the two countries' leaders will take place.

He hoped that both China and the Soviet Union would exert efforts in this direction.

When a reporter asked how long it has been since foreign ministers of the two countries had met officially, Jin Guihua said: The last visit of a Chinese foreign minister to the Soviet Union was in 1956, when the late Premier Zhou Enlai, who was also foreign minister, visited the Soviet Union. The last visit of a Soviet foreign minister to China was in 1959, when Andrey Gromyko accompanied the Soviet delegation led by Nikita Khrushchev to participate in the various activities marking the tenth anniversary of the founding of the PRC.

Ministers Will Discuss Cambodia

HK3009114288 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 30 Sep 88 p 1

[XINHUA Report: "A Chinese Foreign Affairs Ministry Spokesman Says Foreign Affairs Minister Qian Will Visit the Soviet Union for Talks on the Cambodian Issue"]

[Text] Beijing, 29 Sep—Foreign Affairs Ministry spokesman Jin Guihua said here today that Chinese Foreign Affairs Minister Qian Qichen will continue to exchange views with the Soviet side on the Cambodian issue during his visit to the Soviet Union this year.

He said that the specific date of Foreign Affairs Minister Qian Qichen's visit to the Soviet Union has yet to be decided through consultations between the two sides.

Jin Guihua made these remarks in answer to reporters' questions at a news briefing this afternoon.

At the UN General Assembly session Chinese and Soviet foreign ministers exchanged views on the Cambodian issue, bilateral relations, and other problems of mutual

concern, the spokesman said, adding that the two sides had discussed and decided that Chinese Foreign Affairs Minister Qian Qichen will pay a visit to the Soviet Union this year.

During his visit to the Soviet Union, Qian Qichen will continue to exchange views with the Soviet side on the Cambodian issue, the spokesman pointed out. The Chinese side has taken note of Soviet willingness to bring about an early settlement of the Cambodian issue.

Jin Guihua said that both sides had long reached a principled agreement on the exchange of visits by Chinese and Soviet foreign affairs ministers. During the UN General Assembly session the foreign affairs ministers of the two countries discussed specific matters concerning the visits.

There exist three major obstacles in Sino-Soviet relations, with the Cambodian issue being the principal obstacle of the three, he pointed out. But now there are indications that these obstacles are being removed.

He said: "We have noted Soviet willingness expressed by Gorbachev during a speech on 16 September to work for an early settlement of the Cambodian issue. A work meeting between Chinese and Soviet vice foreign affairs ministers in August this year and the meeting between the Chinese and Soviet foreign affairs ministers at the UN General Assembly session have provided a basis for continuing their discussions on the Cambodian issue."

Jin Guihua expressed the hope that the Soviet Union will continue to make specific efforts for an early settlement of the Cambodian issue.

A reporter asked whether the Chinese and Soviet foreign affairs ministers came closer in their stands when discussing the Cambodian issue at the UN General Assembly session. Jin Guihua said that the discussion between the Chinese and Soviet foreign affairs ministers at the UN General Assembly session was conducted on the basis of the August work meeting between vice foreign affairs ministers of the two countries.

On the question of a meeting between Chinese and Soviet top leaders, Jin Guihua pointed out that this meeting was first proposed by the Chinese side. A great deal of arduous work will be involved in the progress from the scheduled visit to the Soviet Union by Foreign Affairs Minister Qian Qichen to a meeting between Chinese and Soviet top leaders. It can be said that the exchange of visits by Chinese and Soviet foreign affairs ministers is proceeding a step closer toward a meeting between Chinese and Soviet top leaders.

He added that a Sino-Soviet summit meeting will take place conditionally, that is, the Soviet Union should bring about an early troop withdrawal from Cambodia. Top leaders from the two countries will meet when conditions are ripe. He hoped that both sides will make efforts toward this end.

When asked when were the last formal visits by foreign affairs ministers of the two countries, Jin Guihua answered that the last visit to the Soviet Union by a Chinese foreign affairs minister was in 1956, when Zhou Enlai went to the country in his capacity as premier and foreign affairs minister; the last Soviet foreign affairs minister to visit China was Gromyko, who accompanied Khrushchev to the 10th founding anniversary of the PRC in 1959.

'Background' on Upcoming Visits

HK3009031288 Hong Kong TA KUNG PAO
in Chinese 30 Sep 88 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Background to Decision on Exchange Visits by the Chinese and Soviet Foreign Ministers"]

[Text] Chinese Foreign Minister Qian Qichen will visit Moscow by the end of this year. This was arranged during a meeting between the Chinese and Soviet foreign ministers at the United Nations. On 28 September Soviet Foreign Minister Shevardnadze called on Qian Qichen at the office of the Chinese permanent delegation to the United Nations, and the two ministers talked about the Cambodian issue, bilateral relations between China and the Soviet Union, and other questions of common concern. According to the XINHUA NEWS AGENCY, the two sides "exchanged views frankly and sincerely [tan cheng 0982 2110]." Apparently the talks were fruitful.

The plan for the Chinese foreign minister's visit indicates further improvement in relations between the two countries. There has been no exchange of visits between the two since the deterioration of diplomatic relations in the early 1960's. When late CPSU General Secretary Brezhnev passed away in 1982, China sent the then foreign minister Huang Hua to the Soviet Union to attend the funeral, but it was only a courtesy call. But this time, Qian Qichen's forthcoming visit will be a substantive diplomatic act as he will meet Gorbachev and other senior Soviet officials.

A spokesman for the Soviet delegation to the UN General Assembly depicted this decision as an event of important significance since the Soviet foreign minister will also pay a visit to China next year after Qian Qichen's visit to the Soviet Union.

Now that the Sino-Soviet talks have been upgraded from vice ministerial to the ministerial level, it is believed that this implies the possibility of the removal of the existing major "obstacle" to relations—the withdrawal of Vietnamese troops from Cambodia. THE NEW YORK TIMES on 29 September devoted prominent space on

the first page to a report on this, believing that this is a significant hallmark in the improvement of Sino-Soviet relations. Its view is justified.

Deng Xiaoping has declared more than once that he would be ready to meet with the Soviet leader in any place, to hold a Sino-Soviet summit only if an early settlement of the Cambodian issue was achieved and Vietnam withdrew its troops from Cambodia as a result of Soviet pressure.

Deng Xiaoping visited the Soviet Union as the head of a CPC delegation 25 years ago, in July 1963. At that time China and the Soviet Union had a fierce quarrel over the international communist movement and other ideological issues, and relations between the two countries and the two parties were cold. The Zhenbao Island incident happened in 1969. Then in September that year, Kosygin, then Chairman of the USSR Council of Ministers, had a brief meeting with late Premier Zhou Enlai at Beijing Airport during a stop-over en route to Hanoi to attend Ho Chi-minh's funeral. Since then there have been no other summit meetings between China and the Soviet Union.

Now a quarter of century has passed. A normalization of relations between the two parties is hopeful but only if Vietnamese troops are withdrawn from Cambodia to remove the major obstacle to Sino-Soviet relations. Vietnam has been condemned by the whole world for its aggression against Cambodia in the past 10 years. The Soviet Union is the only country giving substantial support to Vietnam in its aggression against Cambodia. If Gorbachev wants to change the image of his country as a hegemonist, then he must press Vietnam to withdraw its troops from Cambodia, after the withdrawal of Soviet troops from Afghanistan.

The present state of diplomatic relations between China and the Soviet Union can be regarded as normal, but the relations between the two parties have yet to be normalized. Even if the exchange of visits between the Chinese and Soviet foreign ministers later this year and early next year result in a Sino-Soviet summit and further leads to a normalization of party relations, Sino-Soviet relations will never return to what they were in the early 1950's. The times have changed tremendously in the past 40 years. The international communist movement split long ago. Nowadays all countries are reappraising Lenin's and Stalin's revolution theories and practice, while readjusting their views on the prospects for the development of a capitalist economy. The CPC's reformatory line has been highly appreciated by the Soviet Union. In the future, the relations between the CPC and the CPSU and between China and the Soviet Union will be rebuilt on the basis of equality and mutual respect, or, in other words, of a new international political order.

Northeast Asia

NPC's Ye Fei Fetes Visiting Overseas Chinese
OW2909184788 Beijing XINHUA in English
1529 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—Ye Fei, vice-chairman of the Standing Committee of the National People's Congress (NPC), gave a reception at the Great Hall of the People this evening in honor of the Overseas Chinese who have come to take part in the celebrations for National Day, which falls October 1.

Also chairman of the NPC Overseas Chinese Committee, Ye told the 800 participants that the Chinese Communist Party Central Committee and the State Council are formulating measures to deepen the current reform.

"To improve the economic environment and rectify the economic order are the focus of China's reform and construction in the next two years," Ye said.

He spoke highly of the concern shown by Chinese residing abroad about the development of their native land and of their valuable support for the construction of the country.

Ye hoped the cooperation and exchanges between Chinese inside and outside the country will be promoted steadily along with the development of the country's reform.

On China's reunification, Ye said that the unity and prosperity of the country is the common aspiration of the people at home and abroad.

"Over the past few years," Ye said, "the Taiwan authorities have made some readjustments in their policies toward the mainland, promoting contacts between the people on both sides of the Taiwan Strait."

"We welcome this change and hope that the new leaders of the Kuomintang will go along with the trend and take new steps in this respect," Ye said.

Ye believed the people on the mainland and Taiwan share a similar culture and hold the same views in political, economic and cultural areas. "This is the basis for realizing reunification.

"We are ready to make unremitting efforts, together with all compatriots in Taiwan, Hong Kong and Macao and Overseas Chinese, to strive for the realization of the reunification of our motherland," he said.

Present at the reception were the 800 participants from Taiwan, Hong Kong, Macao and other countries, state leaders and leaders from the Communist party and other democratic parties were present.

Song Ping Meets Japanese Friendship Delegation

OW2909135988 Beijing XINHUA in English
1133 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—Song Ping, member of the Political Bureau of the Chinese Communist Party Central Committee, met with a delegation from the Fukuoka Japan-China Friendship Association (JCFA) at the Great Hall of the People here today.

The delegation is led by Eiichi Matsumoto, Member of the Japanese House of Councillors and chairman of Fukuoka JCFA.

Tianjin's Li Ruihuan Meets Japanese Delegation

SK2909235288 Tianjin TIANJIN RIBAO
in Chinese 13 Sep 88 p 1

[Text] On the evening of 12 September at the Yingbin Hotel, Municipal Mayor Li Ruihuan met with the people of the Tianjin amity ship of Japan's Daiei Group led by Mr Nakauchi Tsutomu, economic, trade, and tourist adviser to Tianjin Municipality and president of Japan's Daiei Company. Both sides held a friendly and cordial talk.

As old friends, Municipal Mayor Li Ruihuan and Mr Nakauchi Tsutomu talked cordially upon meeting. Municipal Mayor Li said: I would like to thank Mr Nakauchi Tsutomu for his hard work in developing the Chinese-Japanese economy and trade, and wish for even closer relations in the economic cooperation between the two sides. Mr Nakauchi Tsutomu conveyed to Municipal Mayor Li Ruihuan a letter from the mayor of Japan's city of Fukuoka. Zhang Zhaoru, municipal vice mayor; Fang Fengyou, secretary general of the municipal government; and Zhang Wei, director of the municipal foreign affairs office, were present at the meeting.

The Daiei Company Ltd, one of the largest department store groups in Japan, has close economic and trade relations with our municipality. The Tianjin amity ship of Japan's Daiei Group has 554 people. It arrived at Tianjin's Xingang Port on the morning of 12 September. During its stay in Tianjin, its people visited and toured the ancient culture street, the Nanshi food street, the garment sales exhibition center, the zoo, and an acrobatic performance. They will leave Tianjin for Beijing on the morning of 13 September to conduct a friendly visit.

Amity Group Marks Ties With DPRK

OW2909180888 Beijing XINHUA in English
1542 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—The 30th anniversary of the establishment of the Democratic People's Republic of Korea (DPRK)-China Friendship Association and the China-DPRK Friendship Association was marked at a film reception here today.

The reception was held by the China-DPRK Friendship Association.

Southeast Asia & Pacific

Spokesman Reiterates Sovereignty Over Spratlys

OW3009033088 Beijing in Mandarin to Taiwan
1500 GMT 29 Sep 88

[Text] A spokesman of the Foreign Ministry has reiterated that China has indisputable sovereignty over the Nansha Islands [Spratlys]. The spokesman made this remark while answering questions raised by reporters.

The spokesman also reiterated: The tense situation on the Nansha Islands [Spratlys] since the beginning of this year has resulted completely from the continued illegal occupation of Chinese islands and the unceasing carrying out of provocative activities by the Vietnamese authorities.

Geng Biao Briefs Hoang Van Hoan on CPC Plenum

OW2909123988 Beijing XINHUA in English
1127 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—Geng Biao, Standing Committee member of the Central Advisory Commission of the Chinese Communist Party (CPC), met and feted Hoang Van Hoan, Vietnamese revolutionary veteran, at the Great Hall of the People here today.

During the cordial conversation, Geng briefed Hoang Van Hoan on the on-going Third Plenum of the 13th CPC Central Committee.

Present on the occasion was Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

Direct Shenyang-Seoul Flights Said Permitted

HK2909053788 Hong Kong SOUTH CHINA
MORNING POST in English 29 Sep 88 p 12

[By Curtis Smith in Shenyang]

[Text] Direct passenger flights will now be allowed between China and Seoul, the Civil Aviation Administration of China (CAAC) office in Shenyang, has been informed.

Local airport officials in Shenyang, the capital of the northeastern province of Liaoning, were told to prepare for future announcements.

To South Koreans the decision is a windfall. Their delegation had been deadlocked with the Chinese in Beijing for several weeks trying to hammer out a new airline deal.

For decades the Yellow Sea between China and South Korea has been a no man's land for airlines, and now China intends to start a new airline to service the Beijing-Seoul corridor, a Shenyang Airport official said.

South Korea has grown to be China's tenth largest trade partner.

To facilitate transport of athletes to the Olympic Games in Seoul, China for the first time granted South Korean jets the right to overfly its territory.

Beijing has recently authorized China Travel Service in Hong Kong to arrange tourist groups from South Korea to the mainland.

Future direct flights will be yet another milestone in a complex oriental triangle-relationship between China, and the two Koreas.

Enrile Opposes Extending Treaty on U.S. Bases
OW2909151188 Beijing XINHUA in English
1338 GMT 29 Sep 88

[Text] Manila, September 29 (XINHUA)—Philippine lone opposition Senator June Ponce Enrile said here today that the Philippines cannot pursue an independent foreign policy unless it cuts the country's military security ties with the United States.

Speaking before the European Chamber of Commerce of the Philippines, Enrile said he could not see how the country can have an independent foreign policy while it is tied up with military security of one of the superpowers as allies.

Enrile said the government must defend and obey the new constitution which requires the country to adopt an independent foreign policy and nuclear-free policy.

He said that if the present administration would extend the current military bases treaty with the United States, the treaty has to be ratified by the U.S. Congress and the Philippine Senate.

Enrile stressed that the new treaty would hardly be ratified by the Philippine Senate because the majority of the Philippine senators are strongly against the U.S. military presence in the country. "I will vote against the extension of the U.S. military bases in the Philippine territory," Enrile said.

The on-going review of the Philippine-U.S. military bases agreement is still deadlocked on various issues, especially on the compensation issue. The Philippines seeks a higher compensation package from the U.S. for the use of the Clark Air Base and Subic Naval Base in the country during the remaining two and half years. The military bases agreement concluded between the two countries in 1947 is due to expire on September 16, 1991.

President Corazon Aquino has stated earlier that she would keep her options open until 1991 on the fate of the two U.S. military facilities in the Philippines.

Papua New Guinean Delegation Visits Shandong
SK3009032088 Jinan Shandong Provincial
Service in Mandarin 2300 GMT 29 Sep 88

[Text] On the evening of 29 September at the Qilu Guesthouse, Provincial Vice Governor Ma Shizhong met with and hosted a banquet in honor of a amity delegation from Papua New Guinea led by (Jack Wayno), chairman of the Interim Committee of the National Capital District. The delegation is the first high-ranking delegation sent by Papua New Guinea. All its members are high-ranking officials of the Interim Executive Committee of the National Capital District.

The major purpose of the visit of the delegation is to sign an agreement on establishing friendship ties with Jinan City. The delegation also held discussions with the province on promoting economic and trade cooperation and exchanges in the future.

During the meeting, Provincial Vice Governor Ma Shizhong expressed gratitude to the guests for their visit. He said: Both China and Papua New Guinea are developing countries. It is their common desire to promote the economic, technological, and trade cooperation between the province and the district. It is hoped that through the visit, the friendship between the province and the district will be further strengthened, and their cooperation and exchanges expedited.

Near East & South Asia

XINHUA 'Commentary' Views Iran-Iraq Talks
OW2909200088 Beijing XINHUA in English
1712 GMT 29 Sep 88

["Commentary: End or Beginning of Gulf War?"—XINHUA headline]

[Text] Tehran, September 29 (XINHUA)—With Iran and Iraq stalemated in their peace negotiations, observers wonder whether the eight-year-old Gulf war is to end or to start once again.

With vigilant armies of both sides kept alert along their frontier after the cease-fire took effect on August 20, some observers here consider that a deadlock is likely to last a year or even years, while others predict a possible Iraqi re-opening of the conflict.

Although both Iran and Iraq face a tough job in settling their conflict, peace is apt to dominate the Gulf region so long as it serves the needs of people in both countries.

Neither Iran nor Iraq wants a stalemate, which blocks the way for reconstruction in both countries.

Iranian Parliament Speaker Ali Akbar Hashemi Rafsanjani recently said: "It is not clear yet whether we can enter into a serious reconstruction period in the near

future. For me, the problem at present is still to be familiar with the war, the fronts and the negotiations, and it is not very certain that the war has been ended."

He added: "We are thinking about the reconstruction but there is no definite situation."

Iraq has not yet seriously mapped out its reconstruction plan. The eight-year Gulf war has resulted in serious economic damage to both countries. Both Iranians and Iraqis strive for an end to the war, instead of the current deadlock between the two countries.

At every stage of [words indistinct], both sides were flanked by superpowers. In July 1987, the U.N. Security Council passed Resolution 591 calling for a cease-fire between Iran and Iraq.

While Iraq immediately accepted the resolution, Iran beat about the bush. Meanwhile, shipments of jet fighters, planes for air refueling and missiles were delivered to Iraqi military forces, and dozens of foreign warships arrived in Gulf waters. Three times, U.S. warships exchanged fire with Iranian maritime forces, and one Iranian passenger airliner was shot down by an American warship.

Arab states in the Gulf which once supported Iraq financially are now beginning to get into financial trouble caused by falling oil prices and the devaluation of the U.S. dollar.

Also, they don't want to see the war continue, for several times the war extended its flames to the doors of the Gulf states, dropping missiles from Iran onto Kuwaiti territory.

Thus, Kuwait heaved a sigh of relief after Iran announced its acceptance of the U.N. resolution for a cease-fire; Kuwait also reopened its embassy in Tehran soon after.

Meanwhile, the Gulf Cooperation Council (GCC) has kept in contact with the U.N. Security Council in a bid to bring the U.N. resolution into effect as soon as possible.

Furthermore, the United States and the Soviet Union are now working toward a global relaxation of their relations which will also reduce their confrontation in the Gulf.

At present, a triangular relationship is forming in the Gulf between Iran, Iraq and the GCC and each side seems wishful for a stabilized Gulf under the new pattern of the relations in which no one faction dominates.

The negotiation process over the past month shows that Iraqi positions are flexible in their bargaining with the Iranians.

After the cease-fire on August 20, Iraq insisted on face-to-face talks with Iran and later gave up. As well, it argued with U.N. Secretary General Javier Perez de Cuellar, who proposed that the bargainers move to New York for further talks after they failed to reach agreement at Geneva.

Also, Iraq might be flexible toward its position on insisting that the Shatt-al-Arab—Iraq's only direct access to the Gulf—be cleared of obstructions and that navigation to and in the Gulf be secured for shipping from all nations before it gets down to the issue of an Iraqi troop pullout from Iran.

Iraqi President Saddam Husayn was confident in a speech on August 28 in Baghdad that a peace agreement can be reached. He said that Iraq will not block such an agreement.

West Europe

EC Proposes Antidumping Duties on Japanese Firms
OW2909122288 Beijing XINHUA in English
0901 GMT 29 Sep 88

[Text] Brussels, September 28 (XINHUA)—The European Commission [EC] has proposed imposing antidumping duties on three Japanese photocopier firms that assemble models in their EC-based plants, EC officials said Tuesday [27 September].

The proposal alleges that these factories were only set up to evade anti-dumping duties the EC slapped on the parent companies' products after an inquiry into their imports in 1985.

The inquiry found that the copiers of the Federal German plants of Konica Corporation and Matsushita Electric Industrial Company Ltd. and of the French plant of Toshiba Corporation had too many Japanese-made components to exempt them from anti-dumping duties.

The EC photocopier market is worth about one billion European currency units (1.1 billion U.S. dollars) a year, with Japanese products taking an 80 percent share.

The EC's 12 member states, which have the final say, are expected to endorse the Commission's proposal.

Envoy to Finland Fetes Koivisto on Eve of Visit
OW2909113488 Beijing XINHUA in English
0943 GMT 29 Sep 88

[Text] Helsinki, September 28 (XINHUA)—Finnish President Mauno Henrik Koivisto said today that his forthcoming visit to China will be helpful to the strengthening and development of cooperative relations between the two countries.

Koivisto said this at a dinner given by Chinese Ambassador Yu Lixuan in his honor on his forthcoming one-week visit to China scheduled to start on October 10.

This is the first visit to China by a Finnish president since the two countries established diplomatic relations in 1950.

Koivisto said Finland which has always made Europe the center of its foreign policy will participate more in and play a more important role in international affairs.

Lu Rongjin Meets FRG State Delegation

OW2909152188 Hefei ANHUI RIBAO in Chinese
27 Aug 88 p 1

[By ANHUI RIBAO reporter Jiang Haibo]

[Excerpts] Governor Lu Rongjin met a delegation from the FRG's Lower Saxony State, which is led by its Minister President Ernst Albrecht, in the Conference Room on the second floor of the Provincial Government this afternoon [as published]. During the meeting, the governor said that Anhui may accelerate its opening to the outside world, and he called upon Lower Saxony to set up joint or cooperative ventures, or solely-owned enterprises in Anhui. He said that in order to more effectively induce and assimilate advanced foreign technology and accelerate its development, Anhui would invite entrepreneurs and retired technical personnel from Lower Saxony to take charge of a number of plants in the Province.

The governor said: We already have the conditions required for our development. As for the capital, technology, and expertise, Anhui and Lower Saxony may jointly explore ways for deepening their friendly cooperation. [passage omitted]

After reviewing friendly cooperation and exchanges between Anhui and Lower Saxony, Minister President Albrecht said that their cooperation is based on a long-term basis and should be further strengthened and expanded. He expressed optimism over the prospects of cooperation.

In a friendly and warm atmosphere, the two sides exchanged views on a number of cooperative projects in industry, agriculture, education, and science and technology.

Present at the meeting were also Vice Governor Long Nian; Zhao Huaishou, secretary general of the provincial government; Wang Jie, director of the Foreign Affairs Office; and officials from departments concerned.

Sino-French Truck Production Begins

OW2909234588 Beijing XINHUA in English
1629 GMT 29 Sep 88

[Text] Guangzhou, September 29 (XINHUA)—Pickups with a loading capacity of one ton built by a Sino-French joint venture here went into production and entered the Chinese market today.

The truck, suitable for short-distance haulage in the countryside, is built by the Guangzhou Peugeot Automobile Company Ltd, which was set up in March 1985, venture officials said.

The company is a joint venture between two Chinese firms including the Guangzhou Automobile Manufacturing Corporation, and three French companies including France Peugeot Automobiles company Ltd.

With a registered capital of 325 million francs, the venture produces on a trial basis Peugeot 504-type (pick-up) light-duty trucks and 505-type minibuses.

This year, the venture will produce 6,000 vehicles, mostly for the Chinese market, officials said.

The officials added that the central government has recently approved the joint venture's plan to increase its annual production from 15,000 to 30,000 units by the year 1991.

The joint venture's general manager, P. de Montgolfier, said his enterprise has worked out a 150 million U.S. dollar investment plan because of its success in China.

Prince, Princess of Wales To Visit 'Next Year'

OW2809194388 Beijing XINHUA in English
1537 GMT 27 Sep 88

[Text] London, September 27 (XINHUA)—The prince and princess of Wales will visit China in late autumn next year at the invitation of the Chinese Government, Buckingham Palace announced today.

The announcement said that the royal couple will also visit Hong Kong at the same time.

It will be the first visit to China by Prince Charles and Princess Diana, who were invited by the Chinese Government during Queen Elizabeth's state visit to China in 1986.

A Buckingham Palace spokeswoman said that details of the autumn visit were still being worked out with Chinese Government officials.

Princess Margaret, the queen's sister, and her two children, visited China last year.

East Europe

Poland Adopts Bond Law To Set Up Capital Market

OW2909122488 Beijing XINHUA in English
0801 GMT 29 Sep 88

[Text] Warsaw, September 28 (XINHUA)—As a major step in the second stage of economic reform, the Polish parliament adopted a bond law yesterday to foster a capital market, Polish newspapers reported.

According to the law, all public and private organizations, such as legal corporations, social organizations and boards of directors engaged in economic activities enjoy the right to issue bonds.

The law stipulates that all people have the right to buy bonds and that the rights and interests of bond holders are guaranteed by the property of the bond issuers.

Bond issuers are also obliged to provide bond holders with certain services, according to the law, which also stipulates that the circulation of bonds is duty-free.

Polish Youth Union Team Visits Tianjin

SK3009041888 *Tianjin City Service in Mandarin*
2300 GMT 29 Sep 88

[Text] At the invitation of the CYL Central Committee and the All-China Youth Federation, a five-member China-visiting and observation team of the Union of Socialist Polish Youth, headed by (Diorsman Aknar Chevski), secretary of the Central Committee of the Union of Socialist Polish Youth, arrived in Tianjin on 29 September for observation and visit.

That afternoon, at the building of the Tianjin Municipal Engineering Administrative Bureau, the observation team of the Union of Socialist Polish Youth conferred with representatives of young municipal engineering workers of Tianjin on how to strengthen education among workers and staff members this year. Then, the team visited the central and outer ring roads on board a vehicle. The Polish youth representatives extended congratulations to Tianjin on the construction achievements scored by the more than 10,000 young municipal engineering workers and staff members.

During its stay in Tianjin, the team will also participate in the National Day activities together with Tianjin's youths.

Hungarian Party Leaders Discuss Problems

OW2809184788 *Beijing XINHUA in English*
0809 GMT 28 Sep 88

[Text] Budapest, September 27 (XINHUA)—Leaders of the Hungarian Socialist Workers' Party discussed domestic problems and foreign policy at a one-day party meeting today.

The official Hungarian News Agency (MTI) reported that the session was presided over by chairman of the party Janos Kadar.

Janos Lukacs, Politburo member and secretary of the party Central Committee, stressed political stability at the meeting. "Without political stability, Hungary will not have economic stability," he said.

Lukacs also called for substantial ideological work.

The meeting decided to organize a special group to study the citizens' ideological trends and ways of strengthening ideological education.

Matyas Szuros, secretary of the Hungarian Party Central Committee, made a report on foreign policy and world issues at the session. To cut armed forces and conventional weapons in Europe is one of the goals of Hungary's consistent foreign policy, according to his report.

Matters concerning personnel were also discussed at the meeting.

Hungarian Official on Importance of Ideology

OW2909051588 *Beijing XINHUA in English*
0247 GMT 29 Sep 88

[Text] Budapest, September 28 (XINHUA)—Hungarian Politburo member, Janos Lukacs, Wednesday [28 September] called for substantial ideological education to fight against some chaotic national problems, according to the newspaper "MAGYAR HIRLAP."

Lukacs made the statement in his report to a one-day session of the Hungarian Socialist Worker's Party.

In his report, Lukacs noted that many people inside and outside the party were upset by the worsening of public sentiment as expressed by frequent demonstrations and strikes, and by the growing number of varied political organizations.

Lukacs, who is also secretary of the party Central Committee, attacked some of the newly-born organizations for whipping up trouble among the people.

He also considered the holding of strikes as an undesirable means to voice dissent, saying they would not solve problems, so much as lower the national image.

Lukacs urged a strengthening of ideology in order to reinforce unity within the ruling party.

He also stressed the need for a breakthrough in methods of ideological work, pointing out that in some regions, the work was still seen as nothing more than meetings, speeches, and activities.

Hungarian Bank General Manager Visits Tianjin

SK3009041488 *Tianjin City Service in Mandarin*
2300 GMT 29 Sep 88

[Text] (Lee Minky), general manager of the Hungarian National Bank, together with the manager of the China section of the bank, and the deputy commercial counselor of the Hungarian Embassy in China, arrived in Tianjin on the morning of 29 September for a visit.

Mao Yishan, manager of the Tianjin Branch of the Bank of China, met with the Hungarian guests.

CPC Central Committee Third Plenary Session Ends
OW3009103688 Beijing XINHUA in English
1005 GMT 30 Sep 88

["Party Central Committee Session Closes"—XINHUA headline]

[Text] Beijing, September 30 (XINHUA)—The 3d Plenary Session of the 13th Central Committee of the Communist Party of China (CPC) closed here today.

The session decided that the emphasis on reform and construction during the next two years will be to improve the economic environment and straighten out the country's economic order.

A communique summing up the session explained that the major effort required in improving the economic environment is to reduce the total social demand and curb inflation and, by rectifying the economic order, to put an end to confusion existing in economic activities, especially in the sphere of circulation.

Both aspects of the task call for resolute and forceful measures, the communique said.

The text continued by pointing out that as a co-ordinated effort to fulfil the task, it is necessary to increase the supply of farm and sideline products, marketable light industrial and textile goods, and energy and raw materials.

"Improving the economic environment and rectifying the economic order are major issues that need long-term attention, and the next two years are the most critical period in providing good results. Price reforms will be conducted in a smaller pace next year and efforts must be made to ensure that next year's commodity price increase rates will be lower than this year's. All work next year should serve this objective," the communique said.

The five-day session was chaired by Standing Committee members of the Political Bureau of the Party Central Committee Zhao Ziyang, Li Peng, Qiao Shi, Hu Qili and Yao Yilin.

The session examined and adopted the report delivered by General Secretary Zhao Ziyang on behalf of the Political Bureau.

The session also affirmed the assessment of the country's present political and economic situation made by the party Central Committee's Political Bureau and approved the guiding principles, policies and measures set forth by the Political Bureau on improving the economic situation, rectifying the economic order and deepening the reforms in an all-round way.

The plenary session held that the general economic situation in China is good at present, but there also exist a number of difficulties and problems, with sharp price rises being the most prominent.

The communique said that improvement of the economic environment and rectification of the economic order should be conducted conscientiously under the general principle of adhering to the reforms and opening up to the outside world, so as to create the necessary conditions for rationalizing the price structure and ensure a sustained, stable and healthy growth of economic development.

"Comprehensive reform should be carried out in a guided and orderly way with each aspect supplementing and promoting the others. Without a rational price structure, the establishment of a basis for a new economic system is out of the question. However, deepening the reform is not merely a matter of adjusting prices but involves comprehensive reforms in various fields, especially the reform of enterprises—large and medium-sized state-owned enterprises in particular.

The communique added that close attention should be made in enterprise reform next year, in order to:

—separate government administration from enterprise management so that enterprises with necessary conditions may operate on their own, and;

—further improve the contract responsibility system, make experiments in implementing the share-holding system with public ownership remaining predominant, and develop new enterprise groups on a trial basis.

"Economic efficiency will be raised by a mechanism set up to ensure that under macro-control by the state, the enterprises operate on their own, hold themselves responsible for their own profits and losses and constrain themselves. Significant reform measures aimed at checking inflation should be taken with urgency," the communique said.

The plenary session said that China's political superiority, namely, the party leadership, should be strengthened to guarantee the task of improving the economic environment, straightening out the economic order and deepening the reforms.

"At present, the party's role as the core of leadership and party discipline should be stressed, partial interests must be subordinated to those of the whole, the capacity of party organizations should be raised and the exemplary role of party members should be brought into play," the communique said.

The plenary session also called for fully strengthening democratic supervision, and using comprehensive law, administrative discipline and educational measures to overcome corruption and keep the party and government departments honest and clean.

The session stressed that the fundamental task of socialism is to develop social productive forces; the four cardinal principles—Communist Party leadership, the socialist road, the people's democratic dictatorship and Marxism-Leninism-Mao Zedong Thought—are the foundation of the People's Republic, and reform and opening up to the outside world are the general guidelines and policies for the country, the communique said.

The communique affirmed that the past decade has witnessed tremendous achievements in reform, which has promoted China's economic and social progress and improved the livelihood of the people, and without the reform, there would not have been such a large expansion during the decade, and added that now is the time to experience to be summed up, to overcome difficulties and continue the triumphant march.

The plenary session called on the whole party and the entire nation to unite still more closely and unify thinking. The efforts of the entire nation toward concerted action, hard work, economization, and the will to achieve the objectives set forth by the session will score even greater successes in the reforms, and in opening up to the outside world and socialist modernization, according to the document.

The session approved in principle the "preliminary program for price and wage reform" and proposed that the State Council organize efforts in the next five years or more to implement the program step-by-step, keeping carefully in line with the demand for strictly controlling price rises, and taking into account possibilities in various aspects.

The session also approved in principle the party Central Committee's "circular for improving and strengthening ideological and political work in enterprises".

Attending the session were 165 full members and 103 alternate members of the party's Central Committee. Also attending the session as non-voting delegates were members of the Central Advisory Commission and the Central Commission for Discipline Inspection, as well as leading officials from relevant departments.

Communique Issued

OW3009124988 Beijing XINHUA Domestic Service
in Chinese 1007 GMT 30 Sep 88

[Text] Beijing, 30 Sep (XINHUA)—Communique on the 3d Plenary Session of the 13th CPC Central Committee

(Adopted on 30 September 1988)

The 3d Plenary Session of the 13th CPC Central Committee was held from 26 to 30 September 1988 in Beijing.

The plenary session was chaired by Zhao Ziyang, Li Peng, Qiao Shi, Hu Qili, and Yao Yilin, members of the CPC Central Committee Political Bureau Standing Committee.

The plenary session heard, examined, and adopted a report delivered by Zhao Ziyang, general secretary of the CPC Central Committee, on behalf of the Political Bureau.

The plenary session endorsed the CPC Central Committee Political Bureau's analysis of our country's present political and economic situation and approved the guiding principles, policies, and measures it submitted to this plenary session on improving the economic environment, rectifying the economic order, and deepening reform in an all-round way.

The plenary session decided to put the emphasis of reform and construction for the next 2 years prominently on improving the economic environment and rectifying the economic order. At present, the general economic situation in our country is good, but there are also a number of difficulties and problems, the most prominent of which is sharp price rises. We must conscientiously improve the economic environment and rectify the economic order under the general principle of adhering to the reforms and opening up to the outside world in order to create conditions for rationalizing prices and for sustained, stable, and healthy development in our economic construction. The main task of improving the economic environment is to curb total demand in society and check currency inflation. Rectification of the economic order means to rectify the various chaotic phenomena that have now appeared in economic life, particularly in the sphere of circulation. Both of these require the adoption of firm and effective measures. Improvement of the economic environment and rectification of the economic order must be integrated with strengthening and improving macro regulation and control during the change from the old to the new system and with efforts to increase the effective supply of agricultural and sideline products, marketable light and textile industry products, energy, and raw and semifinished materials. Improvement of the economic environment and rectification of the economic order are important questions deserving our long-term attention. It is of utmost importance that results be brought about in the next 2 years. We will take smaller steps in price reform next year, and every effort must be made to ensure that the extent of price rises next year are conspicuously less than this year. Next year all work must be subordinate to this requirement.

The plenary session pointed out: Comprehensive reform with each aspect supplementing and promoting the others must be carried out in a guided and orderly way.

Without the rectification of prices, the establishment of a basis for a new economic system is out of the question. However, deepening the reform is not merely a matter of price reform, but involves comprehensive reforms in various fields. Deepening the reform of enterprises—particularly large and medium-sized state-owned enterprises—should be particularly emphasized in the course of comprehensive reforms in various fields. Next year close attention must be paid to enterprise reform: One, we must further promote efforts to separate government administration from enterprise management, so that enterprises with necessary conditions will really operate on their own. Two, we must earnestly improve the contract responsibility system, experiment with implementing a share-holding system, with public ownership remaining predominant, and develop enterprise groups on a trial basis. Economic benefits must be raised by the establishment of a mechanism to ensure that, subject to macro control by the state, the enterprises operate on their own, hold themselves responsible for their own profits and losses, and constrain themselves. Reforms that have significant effects on checking currency inflation must be carried out urgently.

The plenary session pointed out that we must strengthen party leadership and bring our political superiority into full play in order to guarantee success in improving the economic environment, rectifying the economic order, and deepening the reforms. It is necessary to especially stress the party's role as the core of leadership and party discipline and that individual interests must be subordinated to those of the whole. At the same time we should promote party building, enhance party organizations' fighting capacity, and bring party members' exemplary vanguard role into full play in the course of improving the economic environment, rectifying the economic order, and deepening reforms. Extensive and deep-reaching education on the situation should be carried out, focusing on improving the economic environment, rectifying the economic order, and deepening reforms. This education should be a new starting point for strengthening and improving ideological and political work. It is necessary to fully strengthen democratic supervision and overcome corruption and to keep the party and government departments honest and clean through the use of comprehensive legal, administrative, disciplinary, and educational measures.

The session stressed that socialism's fundamental task is to develop social productive forces, that the four cardinal principles are the foundation of the People's Republic, and that reform and opening up to the outside world are our general guidelines and policies. We must firmly bear the party's fundamental policy, that is, the one central task and the two basic points, in mind at all times. A decade of reform in our country has yielded tremendous achievements, injected great vitality into our national economy, promoted economic and social progress, and improved the livelihood of the people. Without reform, there would not have been such a large

expansion during this decade. Now is the time to summarize experience, overcome difficulties, and continue to march forward. The plenary session called on the whole party and people of all nationalities across the country to unite still more closely, unify their thinking, act in unison, work hard, increase production and practice economy, strive to achieve the objectives set forth by the session, and score even greater successes in reform and opening to the outside world and in socialist modernization.

The session approved the "Preliminary Program for Price and Wage Reform" in principle and proposed that the State Council organize efforts to gradually implement the program in the next 5 years or more, keeping carefully in line with the demand to strictly control price rises and taking into account the possibilities in various sectors.

The session also approved in principle the "CPC Central Committee Circular on Improving and Strengthening Ideological and Political Work in Enterprises."

Attending the session were 165 full members and 103 alternate members of the party Central Committee. Also attending the session as non-voting delegates were 184 members of the Central Advisory Commission, 67 members of the Central Commission for Discipline Inspection, and 63 leading officials from relevant departments who are not members of the three above-mentioned commissions.

Central Advisory Commission Issues Communiqué
OW3009112288 Beijing XINHUA in English
1038 GMT 30 Sep 88

["Central Advisory Commission Supports Party Central Committee's Policy Decisions"—XINHUA headline]

[Text] Beijing, September 30 (XINHUA)—The Central Advisory Commission of the Communist Party of China (CPC) held its Third Plenary Meeting here today.

A communiqué issued by the Central Advisory Commission said that the guiding principles, policies and measures on improving the economic environment, straightening out the economic order and deepening the reform set forth by the Third Plenary Session of the 13th CPC Central Committee are correct and safe.

Members attending the meeting have expressed the determination to adhere to the four cardinal principles (the Communist Party leadership, the socialist road, the people's democratic dictatorship, and Marxism-Leninism-Mao Zedong Thought) and the policies of reform and opening up to the outside world, give full play to the party's superiority, strengthen party leadership and resolutely safeguard the authority of the party Central Committee and the State Council, the communiqué said.

The Central Advisory Commission members also pledged to unify thinking, concert action, abide by party discipline, submit themselves to the interests of the whole party and the entire nation, be honest in performing their duties, and work hard and unite closely with the whole party and the whole people, so as to make due contributions to the comprehensive reform and socialist modernization.

The plenary meeting of the Central Advisory Commission unanimously supported the report delivered by General Secretary Zhao Ziyang on behalf of the Party Central Committee's Political Bureau at the Third Plenary Session of the 13th Party Central Committee, and agreed upon the "Preliminary Program for Price and Wage Reform" and the party Central Committee's "Circular for Improving and Strengthening Ideological and Political Work in Enterprises".

Song Renqiong, vice-chairman of the Central Advisory Commission, presided over the plenary session, which was attended by 184 members of the commission.

Communique on CPC Discipline Commission Plenum
OW3009121188 Beijing XINHUA Domestic Service
in Chinese 1023 GMT 30 Sep 88

[Text] Beijing, 30 Sep (XINHUA)—Communique on the Third Plenary Session of the CPC Central Discipline Inspection Commission

Adopted on 30 September 1988

The Third Plenary Session of the CPC Central Discipline Inspection Commission was held in Beijing from 29 to 30 September 1988.

The Plenary Session was attended by 67 members of the Central Discipline Inspection Commission. Leading officials of relevant departments under the CPC Central Committee and army discipline inspection organs and directors of all departments and offices under the Central Discipline Inspection Commission observed the session.

Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee and secretary of the Central Discipline Inspection Commission, presided over the session.

The session heard, examined, and approved a report by Comrade Qiao Shi on behalf of the Central Discipline Inspection Commission Standing Committee entitled "Strengthen Party Discipline, Ensure Smooth Realization of the Goal to Deepen the Reforms in All Fields."

The session unanimously supports the guiding principles, policies, and measures approved by the 3d Plenary Session of the 13th CPC Central Committee for improving the economic environment, rectifying the economic order, and deepening the reforms in all fields and calls on discipline inspection organs at various levels to carry them out conscientiously.

The session holds that to ensure smooth progress in improving the economic environment, rectifying the economic order, and deepening the reforms, the whole party must heighten its sense of discipline, increase awareness of organization and discipline, and uphold the principle of democratic centralism. Party organizations at various levels, as well as individual party members, should conscientiously maintain unity with the Central Committee, safeguard the authority of the Central Committee, give scope to the party leadership's role as the nucleus, and build up the party's cohesive and fighting capabilities.

The session stresses: It is necessary to strictly enforce party discipline and severely punish those who violate it. Those who violate or resist the Central Committee's principles, policies, and decisions; disturb the economic order; or violate party regulations will be dealt with severely. Offenders will be subject to disciplinary action in accordance with the party Constitution and may even be expelled from the party.

The session calls for intensifying the training of the contingent of discipline inspection workers and striving to improve their ideological and political awareness and the quality of their work. Discipline inspection cadres at all levels should earnestly study the party's principles and policies, heighten their spirit, delve deeply into reality, work hard, uphold the principle, and perform duties with honesty, in order to fulfill the important responsibility entrusted them by the party and the people.

The session calls on discipline inspection organs and cadres at all levels to improve their work with new perspective and under the unified leadership of party committees at various levels and to make new contributions to smoothly realize the goal of improving the economic environment, rectifying the economic order, and deepening reforms in all fields.

Zhao's Reported Offer To Resign Said Discussed
HK3009104688 Hong Kong CHENG MING in Chinese
No 132, 1 Oct 88 pp 6-10

["Notes on a Northern Journey" by Lo Ping (5012 0393):
"The CPC Will Play Three Aces"]

[Text] As inflation is becoming more and more serious in China, differences regarding China's economic policies have emerged at the top level of the CPC. Attacked by Yao

Yilin, Li Peng, and some others, Zhao Ziyang has repeatedly offered to resign. Many people predict that the reform of the economic structure launched by the CPC has now entered a blind alley. However, the CPC still has three aces to play....

On the eve of the "1 October National Day," Beijing City is still shrouded in autumn clouds. Although festival decorations can be seen everywhere in the city, there is still tension in the city. People can see that Beijing residents only pretend to smile a bit. The whole city is under heavy pressure from price increases, inflation, and economic difficulties. Beijing residents feel that such a pressure is really too heavy for them to bear. It seems that this heavy pressure has extended from the Great Wall to other parts of China, covering all the 9.6 million kilometers of Chinese territory. The Chinese living in another world, that is the overseas readers of CHENG MING, have no doubt also felt that Beijing City is now under heavy pressure. On the eve of the "1 October National Day," many overseas readers of CHENG MING cannot help asking with anxiety: What has happened to our motherland? Is there still hope for our motherland? Will our motherland be able to overcome her present economic difficulties? What will happen to China's reform in the future?...

Folk Rhyme Reflects Popular Feelings [subhead]

If you ask the officials of Zhongnanhai about what has actually happened in Beijing, you will be told a lot of boring official jargon.

If you ask Deng Xiaoping the same question, he will say: "Don't believe the rumors that are spreading in Hong Kong."

If you ask the ordinary Chinese people the same question, they will tell you that "among the 1 billion Chinese, 900 million Chinese are now engaged in various types of business and only 100 million Chinese are thinking." If you continue asking why so many Chinese are worried, frightened, and disappointed at present? You might be told the following "four new cardinal principles," which have been widely spread in China:

"Freedom cannot be institutionalized, democracy cannot be extended, government cannot be blamed, and Deng Xiaoping cannot step down."

As a reporter, I should look for authentic and valuable replies to my question. Very often, I hear a lot of interesting views when visiting some ordinary Chinese in their homes. However, this time, I met several authoritative experts in social sciences and heard some very valuable views and information. What is really interesting, these authoritative experts in social sciences are themselves divided into two factions: One faction is optimistic about the future of China and the other is

pessimistic about the future of China. The two factions of the Chinese scholars stubbornly stick to their respective stands in their academic discussions.

The Soaring Inflation—China Will Issue an Additional 15 Billion Yuan of Currency This Year [subhead]

I started my talk with the Chinese experts by discussing the topic of checking the soaring inflation in China, which also happened to be the central topic for discussion at the work meeting held by the CPC Central Committee from 15 September to 21 September.

Inflation can stimulate production. This is the view held by one school of western economics. However, inflation in China has really become too serious and has caused a lot of serious problems, among which, the rapid price increases and the drastic drop of the actual living standard of the Chinese people are the most serious ones.

The Beidaihe meeting held by the CPC last year also noticed the problem of inflation and decided to reduce the state financial expenditure by 15 billion yuan and put the state economic management under the control of the State Council. After taking office as General Secretary of the CPC, Zhao Ziyang also transferred his financial group from the State Council to the CPC Central Committee and personally took charge of the group. By then, inflation had become very serious on the Chinese mainland. In the first half of this year, the amount of currency issued by China increased by 35 percent compared with the amount of currency issued in the corresponding period last year. It is estimated that by the end of this year, China will have issued some 50 billion yuan of currency. By the end of last year, China had issued some 35 billion yuan of currency. This figure shows that this year, China will have to issue an additional 15 billion yuan of currency.

The Currency Printing Factories Cannot Fulfill the Task of Printing So Much Currency Even by Starting All Their Printers, Both Old and New [subhead]

Supported by Deng Xiaoping, Zhao Ziyang laid great stress on the high-speed development of production. As a matter of fact, such a high-speed development of production is only a superficial phenomenon. At present, the majority of the town and township enterprises are living on bank loans. As a result, currency printing has also been carried out "at a high speed." According to the responsible persons of the currency printing department, now all the currency printing factories in China are busily printing currency. Not only the workers but also all the printers of the currency printing factories in China are working at their full capacity. Some of the old printing machines, which were out of service for a long time, have to be used again in order to fulfill the big currency printing quotas. The currency printing factories still cannot fulfill their printing quotas even by putting all their printers, both old and new, into operation.

After Studying the Report Submitted by Li Tieying, Deng Xiaoping Put Forward His Proposals on the Price Reform [subhead]

Under such circumstances, if the central authorities had decided to relax control on all the prices, the entire economic life of China would have been thrown into greater disorder. In May, Deng Xiaoping put forward his own proposals on price readjustment after studying the report submitted by Li Tieying. Li Tieying was formerly Minister of the State Commission for Restructuring Economic System and was responsible for formulating the "3 Year, 5 Year, and 8 Year Plan," which is China's intermediate-reform plan. However, fearing that Li Tieying might disrupt his planned price reform, Zhao Ziyang asked Deng Xiaoping to transfer Li Tieying to another post. Deng Xiaoping originally agreed to appoint Li Tieying as one of China's vice premiers. Zhao Ziyang had reservations about Li's appointment. Finally, after consultation with Deng Xiaoping, Zhao Ziyang appointed Li Tieying as Minister of the State Education Commission.

Because many leaders had gone to Li Tieying to tell him that the crux of China's reform lay in price reform Li Tieying wrote a report on the issue and went to Deng Xiaoping to explain his own views on the advantages and disadvantages of carrying out the price reform. After hearing Li Tieying's report, Deng Xiaoping publicly talked about "cracking the hard nut of the price reform."

Du Runsheng Disagrees With Li Yining [subhead]

Du Runsheng, Zhao Ziyang's right-hand man and formerly director of the Rural Development Center and now Director of the Economic Development Center, has strongly advocated the implementation of a rapid price reform. Once at a meeting, he angrily struck the desk and accused those who advocated the "double-track system" of destroying order and creating disorder in the society. At that time, Zhao Ziyang proposed the "new order" theory, which embodied the idea of relaxing control over prices, to replace the "big-cycle" theory, which had already caused much controversy among Chinese leaders. Zhao Ziyang also summoned a number of scholars and experts to prepare plans for the implementation of the price reform and wage reform. All the scholars and experts, including Li Yining and some other well-known experts, believed that the present situation in China is really serious because of soaring inflation. At first, Zhao Ziyang did not agree with them. Later on, these scholars and experts cited some concrete figures to explain to Zhao Ziyang the present situation in China: In May, China's inflation rate reached 14 percent. In the foreign countries, if the inflation rate reaches 10 percent, austerity measures have to be taken. If inflation rate exceeds 10 percent in foreign countries, wages have to be frozen.

Zhao Ziyang Sent Experts to South America To Carry Out Investigations and Look for Arguments [subhead]

Finally, Zhao Ziyang admitted that inflation in China is indeed getting serious, but he still thought that inflation could stimulate the development of production. Zhao Ziyang sent Chen Yizi and Zhu Jiaming to South America to carry out investigations. After arriving in South America, the two persons sent back a report to Zhao Ziyang, saying that Brazil and Argentina have both successfully developed their economies amidst high inflation rates. Based on this argument, Zhao Ziyang said with assurance: Other countries have withstood the strains of inflation and successfully developed their economies under a high inflation rate. Why can't China withstand the strains of inflation? It was against this background that Zhao Ziyang held the meeting attended by all the provincial governors during the first 10 days of July of this year. At the meeting, Zhao Ziyang told the provincial governors about his plan to relax controls on all the commodity prices and raise commodity prices by 70 percent and wages by 90 percent next year. Unfortunately, all the provincial governors felt that Zhao Ziyang's plan was unacceptable.

Economic Problems Have Caused Social Unrest [subhead]

The provincial governors also cited a lot of examples to convince Zhao Ziyang that the present situation in China is indeed very serious. For example, now, on average, there are two economically motivated murder cases taking place in Beijing City every day; Xian City has maintained its low production growth rate for 8 years running. As a result, a large number of robbers and thieves have emerged in Xian and the city police have felt unable to efficiently cope with such a large number of criminals. When a factory in Fushun City failed to pay wages to its workers for 2 months running, the workers of the factory seized the factory director and pounded his head with wooden planks, saying that if he failed to pay them wages the next month, they would hit him with much larger wooden planks. Frightened, the factory director hid himself in the house of the secretary of the Fushun City's CPC Committee. Only after the secretary of the Fushun City's CPC Committee forced a bank to provide 3,000 yuan as a relief loan to the factory did the factory director dare to come out of the house of the secretary of Fushun City's CPC Committee. Some provincial governors also pointed out that a former deputy minister has turned his family into a "generals' family" because all his family members have recently been conferred with general's ranks.

Bao Tong Also Agrees That Inflation Can Stimulate Economic Development [subhead]

On 20 July of this year, Zhao Ziyang organized a meeting attended by members of the Political Bureau of the CPC Central Committee in Beidaihe (while the old-aged veterans of the Central Advisory Commission went to Yantai to rest and recuperate). Yao Yilin stayed in Beijing to make his own reform plan. To his surprise, Zhao Ziyang found his reform plan unacceptable to all

the members of the Political Bureau of the CPC Central Committee, except Bao Tong, who believed that the present economic situation of China is good and inflation can still stimulate economic development.

Beyond Zhao Ziyang's expectation, the Beidaihe meeting became a meeting to criticize him (the meeting later became a nameless meeting). Zhao Ziyang was very resentful of those who opposed his reform plan and repeatedly asked: "You always stress tightening the money market, who will be held responsible if production decreases?" Li Peng answered: "There is nothing wrong with slowing down development. Now, it's time to pour cold water on the over-heated economy." Zhao Ziyang again asked: "Who will be held responsible if production decreases? If you can be responsible for that, I'm willing to slow down development." This was the "encounter" at the Beidaihe meeting. Later, the participants broke up in discord.

Zhao Ziyang Came Under Attack From All Sides and Frequently Hit the Desk and Rose to His Feet [subhead]

During the Beidaihe meeting, Zhao Ziyang came under the attack of the faction headed by Yao Yilin and Li Peng. As a result, he frequently hit the desk, rose to his feet, and left the meeting room without a word. During the meeting, both sides were engaged in heated disputes. In order to hoodwink the people, the CPC authorities had to deny the holding of the Beidaihe meeting. If the Beidaihe meeting had not been held, there would not have been any disputes among the Chinese leaders. However, lies cannot cover up the facts.

Zhao Ziyang Offered To Resign in July and September [subhead]

Because of the heavy pressure, Zhao Ziyang wrote a resignation report in Beidaihe and frequently said: All of you say that I have failed to do my work well. You come and do it. I don't want to do it any more. Each time, after making these remarks, he left the meeting room without saying a word. However, he cannot resign until Deng Xiaoping approves his resignation. Because Deng Xiaoping was not in Beidaihe at that time, Zhao Ziyang made these remarks to no avail.

(According to another source of information, when holding talks with several secretaries of the provincial CPC committees in September, Zhao Ziyang said with a heavy heart that some people were without conscience and negated the achievements he had made over the past few years. Some people had benefited from the reform, but still attacked the reformers. If worse comes to worse, he will resign! However, the process of reform and opening up to the outside world has become an irresistible trend in China!)

Yao Yilin's Plan Is Acceptable to the Majority [subhead]

At that time, all the participants at the Beidaihe meeting were waiting for Yao Yilin's plan. On 3 August, Yao Yilin led a group of experts responsible for developing his plan to Beidaihe. Yao Yilin's plan was developed with the help of the officials in charge of the economic work and the experts from the China Academy of Social Sciences, the Economic Development Center, the State Commission for Restructuring the Economic System, the Institute for Restructuring the Economic System, Beijing University, People's University of China, the various banks, the Ministry of Finance, and some other relevant departments. The basic spirit of Yao Yilin's plan is to stabilize the economy, slow down price reform, and check inflation.

On 5 August, the State Council held a meeting to discuss Yao Yilin's plan, which later proved to be acceptable to the majority of the participants. The majority of the participants to the meeting believed that the present situation in China is getting very serious. As a result of that meeting, the State Council immediately decided to readjust the prices of crude oil, transportation, farm and sideline products and relax controls over the prices of steel products. The State Council plans to begin relaxing control over the prices of steel products in January of next year. As a matter of fact, China has already begun readjusting the prices of steel products. Now, the price of steel has increased from 1,400 yuan to 1,600 yuan per ton. The price of steel has increased to over 2,000 yuan per ton in Shenzhen.

Yao Yilin's plan was sent to Beidaihe on 3 August. Deng Xiaoping had also arrived in Beidaihe by that time. Before 3 August, Deng Xiaoping had been away from Beidaihe.

The Remarks Made by One Expert Attending the Experts' Meeting [subhead]

In order to display "unity" and "absence of contradictions" at the high level of the CPC to the public and the outside world, Deng Xiaoping led Zhao Ziyang, Li Peng, Yao Yilin, and other senior Chinese leaders to meet the deputies attending the National Conference of Institutions of Higher Learning in Beidaihe on 17 August. Zhao Ziyang made a speech and denied any disputes among the Chinese leaders. Zhao Ziyang also purposely created an atmosphere of unity. The "Notes on a Northern Journey" carried in the September edition of our CHENG MING already reported that at the high level of the CPC, some people wanted to make Zhao Ziyang a mere figurehead in his capacity as the General Secretary of the CPC Central Committee and put him only in charge of the work of the Central Military Commission. This was later decided upon at a meeting held by the CPC.

An expert attending the meeting later said that Emperor Guang Xu of China was not afraid of losing his throne, his imperial concubine named Zhen, his own life, and state power. Now, Deng Xiaoping is afraid of the wolves

ahead and the tigers behind and is making China neither fish nor fowl. Moreover, Deng Xiaoping is still unwilling to discard the four cardinal principles.

No One Dares To Confiscate Bureaucrat Capital To Subsidize State Finance [subhead]

In order to carry out price reform, China needs 120 billion yuan. In order to readjust the prices of crude oil, transportation, and farm and sideline products and relax control over the prices of steel products, China needs tens of billions of yuan. At present, the financial revenue of the state enterprises only amounts to 80 billion yuan. Therefore, in order to stabilize the economy, it is necessary to confiscate bureaucrat capital first. At present, Mainland China has a total of 26 billionaires, all of whom have deposited their money in the foreign banks. Some 24 of these billionaires are sons or daughters of the senior Chinese leaders. Now, there are too many companies run by the Chinese officials. So, it is right and necessary to confiscate bureaucrat capital in order to subsidize the state finance. However, no one dares to do so.

Obviously, many of these billionaires have very strong backing. Who dares touch them?

There is a jingle circulating in China, which vividly exposes the serious corruption among the Chinese officials:

When playing bridge, officials can go on playing for several nights without sleep;

Officials can drink several bottles of Maotai wine without getting drunk;

Officials can philander with two or three women without getting tired;

Officials can accept 100,000 yuan of commission without handing a cent over to the state (which means that officials can receive 100,000 yuan in commission by approving certain business transactions).

These officials have formed a network. If you touch upon any one of them, they will jointly attack you.

Will the Plan on Tightening the Money Market Be Able To Solve China's Problems? [subhead]

Yao Yilin's plan is aimed at tightening the money market. However, it seems that Yao's plan cannot solve China's problems, either. Last year, China reduced its financial expenditure by 15 billion yuan but still could not solve its problems. This year's autumn grain will soon be harvested. However, the Chinese Government will still have to provide subsidies to grain production. It is estimated that this year, China will issue an additional 50 billion yuan of currency. Next year, the commodity prices will go up further.

Therefore, it can be said that Mainland China has now been caught in a dilemma.

China Has Quietly Begun Playing Its Three Aces on a Trial Basis [subhead]

All the above mentioned are the pessimistic views. In Beijing, the majority of the people are pessimistic about China's present situation. It took a lot of effort to find an "optimist" from a host of pessimistic scholars. This "optimist" works in a government research institute and occasionally has some contacts with the China Kanghua Development Company Ltd. He was surprised that a huge number of people are pessimistic about China's situation. He said: "It is true that the present situation is very serious. Ordinary people say that China's economy is now on the verge of collapse and is beset with crises. However, the decisionmakers in Zhongnanhai still have several aces to play. How can people assume that China's economy will soon collapse?" His remarks have indeed caused great curiosity.

He disclosed the contents of the "three aces" held by the leaders of the CPC:

(1) The CPC plans to basically start turning all the large industrial enterprises and mines in China into joint-stock enterprises at the end of this year so as to enable the state treasury to assemble a large amount of funds through its subscription for shares;

(2) The CPC has decided to sell a large number of small and medium-sized enterprises in all the big and medium-sized cities of China in the near future so as to turn all the shops and enterprises presently under the public ownership into privately owned shops and enterprises. The state treasury will be able to assemble a large amount of funds in this process and use these funds as the bank reserve;

(3) The CPC is determined to carry out a nationwide reform of China's housing system in the near future. The specific measures to be adopted include the selling of commodity houses and apartments and the raising of rent. The state treasury will also be able to assemble a large amount of funds in this process so as to solve some of its pressing problems.

This optimist has his own argument which sounds somewhat reasonable. However, whether the CPC will be able to successfully play the three aces still remains to be seen. As a matter of fact, the CPC has quietly started playing these three aces on a trial basis in some selected areas. Small and medium-sized enterprises have begun to be sold in Shanghai, Shenyang, and some other major industrial cities. It is expected that such measure will soon be employed by other cities of China. In the future, the private economy, or the so called national bourgeois economic factors, will develop on the Chinese mainland. The implementation of the joint-stock system in the large state-run enterprises will also eventually change the

nature of the state-run enterprises to a certain extent. The competition mechanism, or the so called capitalist management mechanism, which is to be developed in the state-run enterprises, will also eventually replace the socialist operation method presently employed by the state-run enterprises. The reform of the housing system and the subsequent development of the real estate business will inevitably revive the real estate business that was brisk in Beijing 40 years ago. As a result, real estate agents and agencies will reappear in China. It is not surprising to hear some "Left" personages saying: "The efforts we have made over the past 30 years were destroyed because we returned to the pre-liberation days overnight." Those who are worried about the present situation in China think that under the present circumstances, it is still hard to predict whether the major changes in China's reform policy will bring real economic prosperity to China or will only bring about temporary relief and long-lasting serious consequences to China."

Li Peng Speech at National Day Celebration

*OW3009143388 Beijing Domestic Service
in Mandarin 1030 GMT 30 Sep 88*

[Speech by Li Peng, premier of the PRC State Council, at "a grand reception" on September 30 in the Great Hall of the People to celebrate the 39th anniversary of the founding of the PRC—recorded]

[Text] Guests, comrades: On the occasion of the celebration of the 39th founding anniversary of the PRC, on behalf of the party Central Committee and the State Council, I extend festive greetings and cordial regards to people of all nationalities; to workers, peasants, intellectuals, cadres, the PLA, and People's Police who are working hard on all fronts; to all working people and patriotic personnel; and to the compatriots in Taiwan, Hong Kong, Macao, and Overseas Chinese. [applause]

On behalf of the Chinese Government and people, I extend a warm welcome to the guests and diplomatic personnel in China who are attending the reception, and I express our heart-felt gratitude to our international friends who show concern for and support China's socialist modernization program. [applause]

This is the 10th year of China's reform. In the 10 years since China began its reform and open policy, tremendous results have been achieved, which have clearly changed China's appearance. The national economy is developing steadily. The standard of living has improved by varying degrees. At present China is further deepening its reform. Our goal in reforming the economic structure is to promote the planned development of the socialist commodity economy, gradually introduce a system of economic operation under which the state regulates the market and the market guides enterprises, and build a new order for the socialist commodity economy. In the years to come we plan to reform prices and wages gradually and steadily and to further deepen

reform in the rural areas and reform of enterprises. At the same time we will do a good job in carrying out a comprehensive reform of planning, labor, commerce, material supply, the monetary and financial system, and foreign trade. This is very important for ensuring the success of China's socialist modernization.

The Chinese economy is in a period of vigorous advances, a period that is favorable for deepening reforms. Of course, difficulties and problems have cropped up on our road of advancement. A salient problem is the emergence of glaring inflation and big price rises in our economic life. We must face up to the difficulties; adopt correct principles, policies, and measures; and strive to overcome these difficulties in order to continuously promote reforms and construction.

Improving the economic environment and rectifying the economic order are prerequisites as well as major components for deepening the reforms and stabilizing the economy. They are the most important tasks for reforms and construction over the next 2 years. Restricting society's total demand and curbing inflation are at the roots of these tasks. To this end, it is necessary to resolve the problems of an overheated economy, slow down the current excessively fast industrial growth rate, and maintain a rational growth rate. Efforts should be made to firmly reduce the expanding scale of capital construction; bring the undue increase of consumption funds under control; vigorously restrict institutional purchases; (?put an end to) waste and extravagance; strictly control the volume of currency and loans issued; and readjust the structures of investment, loans on credit, and consumption. It is also necessary to deepen the reform of enterprises, especially the reform of large and medium-sized state enterprises, and enable them to form the real mechanisms of self-management, responsibility for their own profits and losses, and self-regulation under state macroeconomic control, thereby striving to improve their economic efficiency.

China is a country with a population of 1 billion. The development of agriculture is a major issue that has a vital bearing on the national economy and the people's livelihood. Due to drought and flood that hit quite a few places in China to varying degrees this year, the output of grain has increased only slightly. However, judging from grain reserves at the disposal of the state and the people, we are entirely capable of ensuring the normal supply of grain. Governments at various levels should earnestly strengthen their supervision over the grain market; continue to make proper arrangements for the production and supply of such nonstaple foodstuff as meat, eggs, and vegetables for urban residents; and ensure urban and rural residents of their basic daily necessities. At present the prices of most retail goods in China have been decontrolled, and a two-track system has been implemented in the prices of a few major means of production. This has given an impetus to developing production and invigorating the economy, but has at the same time increased the difficulty of price control.

Governments at all levels must devote great efforts to rectifying the links in commodity circulation, straightening out and rectifying various kinds of companies, and resolutely checking indiscriminate price hikes. They should act in accordance with the law to ban and strike at such illegal activities as jacking up prices, hoarding, speculation, profiteering, and middlemen's exploitation. Effective management and supervision should be exercised over important means of production and those necessities that are needed by the people for their daily life but are in short supply. In addition, efforts should be made to develop production and improve supply.

Governments at all levels, productive enterprises, commercial and circulation departments, price management departments, and industrial and commercial administrative departments should all do their utmost to ensure that next year the rise in retail prices nationwide will be conspicuously less than this year.

With regard to major issues of reform and construction, the understanding and actions of people throughout the country, from the top down, must be unified. All departments, localities, units, and especially leading cadres at all levels must take the interests of the whole into consideration, strictly abide by discipline, and see to it that all orders and prohibitions are strictly enforced. In no case should each go his own way. No department, locality, or unit should proceed from its own interests at the expense of the overall interests of the state and the people. It is necessary to firmly follow the principle that individual interests must be subordinated to overall interests. This is an important guarantee for the success of our reform and construction.

The just-concluded 3d Plenary Session of the 13th CPC Central Committee has analyzed the current economic situation, pointed out the importance of improving the economic environment and rectifying the economic order, and made plans for deepening the reform in an all-around way and achieving stable economic development in the future. This was a very important session. Let us act in accordance with this session's guidelines, make concerted efforts with one mind, and unite to work hard to win new victories in reform and construction.

Reunification of the motherland and revitalization of China are the common aspirations of all compatriots at home and abroad. We are glad to see that relations between the two sides of the Taiwan Strait are developing in the direction of relaxation. We sincerely hope that the two sides will resolve their differences; increase mutual understanding; and carry out and expand exchanges in the fields of economy, culture, and sports so as to promote the common prosperity of the two sides and push forward the process of the peaceful reunification of the motherland.

Now a trend to relaxation has appeared in the international situation. The United States and the Soviet Union have signed an intermediate-range missile treaty. The

Soviet Union has begun to withdraw its troops from Afghanistan. Possibilities for political solutions have also appeared in some other of the world's hot spots. All these are worth welcoming. We stand for dialogue and approve of detente. We will make joint efforts, together with all peace-loving countries, to further promote disarmament and the early settlement of regional conflicts.

Now and in the future, China adheres to its independent and peaceful foreign policy and works for peace and development in the world. We hope that Sino-U.S. relations will continue to develop and that Sino-Soviet relations will be normalized at an early date. We are willing to develop friendly and cooperative relations with all countries in the world on the basis of the Five Principles of Peaceful Coexistence. [applause]

Media Not To Cover National Day Messages
OW3009094688 Beijing XINHUA in English
0907 GMT 30 Sep 88

["Chinese Media Not To Report National Day Messages of Greeting"—XINHUA headline]

[Text] Beijing, September 30 (XINHUA)—Chinese media will generally not report messages of greeting sent by foreign leaders on China's National Day, starting from this year, XINHUA learned here today.

In addition, Chinese media, including news agencies, press, radio and TV stations, will normally not cover any National Day receptions held by Chinese diplomatic missions and consulates abroad.

Such a practice is not only in line with the spirit of Chinese protocol reform but also complies with the international usual practice.

Carrier Rocket Underwater Launch Reported
HK2909150888 Beijing RENMIN RIBAO
in Chinese 28 Sep 88 p 1

[Report by reporters Zou Dayi (6760 1129 3015) and Cao Huanrong (2580 3562 2837): "A Curved Line Across the Sea and Sky—Witnessing the Underwater Launch of a Carrier Rocket by a Nuclear Submarine"]

[Text] One day in mid-September the autumn wind blew from the south, sweeping the sky clean over the sea areas in the northern part of China. The visibility was very good and clear and this provided a good opportunity for the underwater launching of a carrier rocket from a nuclear submarine.

A score of warships formed a column to sail to a predetermined sea area. Ashore, large observation apparatuses such as remote-controlled radar were operating. Numerous parabolic and "fishbone" antennas kept a close watch on the sea. The large submarine shouldering the great task of launching the carrier rocket slowly left

the dock located on the gulf. Like a giant whale it splashed through the sea, sailing toward the area where the test was to be conducted.

The chief rocket designer was among the masses who saw the submarine sail. He never stopped waving his hand as he gazed after the departing warships. He was familiar with our country's first generation submariners and also familiar with the 100,000 to 200,000 parts of the rocket. He believed that there would be no danger of anything going wrong in the test, because the test embodied the concerted efforts of tens of thousands of people.

The control and command center was already preparing for a major combat operation. In the general scheduling cabin, rows of yellow indicator lamps glittered. On the monitor screens, green dots and lines were moving up and down. On the projection screens signals, figures, and hydrologic data were changing frequently. Digital time indicators in the middle of the cabin were counting both forward and backward, approaching the eye-catching moment.

The general scheduling cabin issued an order: "Two hours for preparation!"

The bluish-gray nuclear submarine began to submerge. Not long after, the dark green sea threw up white spray and the "giant whale" immediately disappeared.

During the last 5 minutes of preparation, all command and monitoring centers, stations, and stands were listening attentively to the sound produced by the submarine.

"One minute for preparation!"

People in the command center stared at the TV screen which reflected the situation on the sea surface. Various facilities emitted low "squeaking" sounds.

The door of the launch cabin was tightly closed and silence reigned. All working personnel held their breath. A technician was sitting on the ground, burying his head between his legs.

When the time indicator showed 30 seconds, the chief of the rocket section shouted calmly and clearly:

"30...20...10...5, 4, 3, 2, 1, launch!"

A loud sound like muffled thunder violently shook the giant submarine and it jerked intermittently. The carrier rocket left the nuclear submarine and raced upward through the thick sea water...

Instantly it broke through the surface, creating clusters of bubbles like crystals. It wobbled slightly, spurted red flames, and gallantly and quickly flew toward the blue sky. Gradually, it became a small dot of light and eventually it disappeared, leaving a long trail of white smoke in the sky.

Immediately after the word of command was uttered, the steel penholder in a functional logger with a colored nib attached, suddenly dropped onto drawing paper containing the predetermined theoretical flight route, and moved steadily forward recording the actual flight route of the rocket. The actual flight route nearly overlapped the theoretical one.

"The rocket is flying normally!" "The first stage has turned off, and the second stage has turned on!" "The second stage has turned off!" The monitoring station submitted an encouraging report. Commanders in the command and control center, and veteran experts who participated in the design and manufacture of nuclear missile submarines and carrier rockets stood up, applauded, and shook hands with and hugged each other.

The test of an underwater launch of a carrier rocket from a nuclear submarine which was designed and manufactured by ourselves, was successful. This demonstrates that the modernization of our naval facilities has entered a new stage.

The general scheduling cabin issued messages from time to time: "The Yuanwang has located the target! It is tracking normally!" "It has landed at the designated area! It has landed accurately!"

At that time, all the warships sounded their sirens in victory for 3 minutes. On the deck of an observation ship our sailors' band played the national anthem. People stood and saluted our national flag and the colors.

Significance of Launch

HK2909043788 Hong Kong TA KUNG PAO
in Chinese 29 Sep 88 p 2

["Political Talk" Column by Shih Chun-yu (2457 0689 3768): "A Chinese Nuclear Submarine Fires a New Type of Missile"]

[Text] The XINHUA NEWS AGENCY announced in Beijing on 27 September that China had launched a carrier rocket to a predesignated sea area between 14 and 27 September. The launch test ended satisfactorily on 27 September. Concise and containing only 100 words or so, this XINHUA report said that the carrier rocket was launched underwater by a Chinese-made submarine. The rocket fell accurately in a predesignated sea area and the entire test was a complete success.

Although the report was composed of only 100 words or so, it revealed important contents. On 27 September foreign experts saw on television how the missile was launched from underwater to a predesignated sea area in China's Dong Hai. These experts pointed out that this underwater launch test was different from the first one conducted in October 1982, adding that the rocket launched might be a new type of strategic underwater rocket propelled by a new type of solid fuel.

The commander of the Chinese submarine said after the successful launch test that a major technological breakthrough had been made during this launch as compared with the test in 1982, adding that this marks a leap forward in China's national defense modernization.

"Another leap forward" means great progress made over the last 6 years in the technology of launching underwater nuclear missiles and in the manufacture of nuclear submarines. The accuracy in launching the rocket to a predesignated sea area proves the accuracy in remote control technology.

So far only five countries in the world have the ability to launch underwater missiles from submarines. The successful launch test suggests that China has acquired a second capability for making counter-offensives in case of nuclear attacks. It also indicates that China's naval force has strengthened.

The world situation is now tending toward relaxation. The United States and the Soviet Union have signed the treaty on the elimination of medium-range missiles. In addition, they are still discussing the treaty on eliminating half of their long-range missiles. This treaty may be signed next year. Under such circumstances, China's efforts to develop submarines and underwater carrier rockets may possibly cause a misunderstanding in some foreign countries. They will think that it is unnecessary to develop such weapons in the present situation.

But we should be aware that China's meager nuclear power is incomparable to U.S. and Soviet nuclear power, which could be used to destroy the world at least 10 times over. China has time and again stated that its nuclear power is for self-defense. China will follow suit when the United States and the Soviet Union agree to eliminate their nuclear arms.

As a matter of fact, China is still on its way to national defense modernization. Generally speaking, China's naval and air forces are still weak. In particular, it must have a powerful defense for its over 10,000 km long coastline. Up to the present, Vietnam is still attacking and harassing the Chinese border and looting Chinese fishermen. It is trying to encroach on China's Nanshas [Spratlys] and Xishas. The Soviet Union is standing behind Vietnam. Cam Ranh Bay has become the largest Soviet military base in the Far East, constituting a direct threat to eastern and southern China.

He who does not plan for the future will find trouble on his doorstep. In the long run, all nuclear weapons will be eliminated. This is the wish of people around the world. But from a short-term viewpoint, China will not be able to ensure the opening up and construction of its coastal areas without a powerful maritime defense force. For example, Hainan Island should take into account the possibility of Vietnam making trouble, in the course of

opening up to the world on a large scale and exploring oil and natural gas fields in the Beibu gulf. Without a naval force, the Nanshas and Xishas would have been encroached on by Vietnam.

China is speeding up its reform and opening up to the world and is engaged in peaceful economic construction. China cannot economize its expenditure for national defense modernization because it serves as a guarantee for the implementation of the opening up policy. Without China's ability to defend itself, foreign businessmen would not have had the courage to make investments in the country.

Achievements in Missile Experiments Viewed
HK2909050988 Beijing JIEFANGJUN BAO
in Chinese 19 Sep 88 p 1

[Report by Zhang Dongfeng (1728 2639 7364) and Zheng Weimin (6774 0251 3046): "China Begins To Catch Up With World Advanced Levels in Experiments on Missiles and Other Air Weapons"]

[Text] New ground-to-air and air-to-air missiles developed and verified by the Air Force Experimental Missile Base stood upright in the 40th International Air Show which was held in London in early September. It marked the beginning of China's catching up with world advanced levels in experiments on missiles and other air weapons.

Experimenting in and finalizing missile types is a high-tech scientific research task. Established in 1958, the Air Force Experimental Missile Base is the only anti-aircraft and air weapon testing base. It develops, finalizes, and examines and approves our country's ground-to-air and air-to-air missiles. When it was first built, the base only had simple testing equipment. Now it possesses modern, coordinated, experimental measurement and controlling systems composed of advanced flash ranging [guang ce 0342 3261], radar [lei ce 7191 3261] and telemetering [yao ce 6674 3261] equipment, and large computers. In the beginning it could only carry out the radar [lei ce 7191 3261] and telemetering [yao ce 6674 3261] equipment, and large computers. In the beginning it could only carry out the qualitative verification test of a single weapon developed from a foreign model. Now it serves as a state organization for testing and finalizing different models of tactical missiles.

In the past 30 years, scientific researchers from the base tested and finalized dozens of new models and thousands of missiles and air weapons. Nearly one hundred important achievements in scientific research were awarded scientific research achievement awards from the state and army. They also completed scientific research projects such as a missile system for intercepting high altitude, high speed targets, and rocket dispatched parachute targets. All these achievements sped up the progress of weapon experiments. After popularizing the results of experiments in increasing weapons'

damage effectiveness among missile troops, which was honored with the National Scientific Research Assembly Award, the combat capability of missiles was greatly increased. They also completed a series of major scientific research projects including sample-collection flights by unmanned planes through mushroom clouds of nuclear weapon experiments, testing of airborne fire control and radar weapon systems, and the initial measurement of launched man-made satellites. The Experimental Missile Base has made outstanding contributions to the modernization of the Chinese Army.

QIUSHI on Engaging In, Identifying Fraud
HK2809132988 Beijing QIUSHI in Chinese No 5,
1 Sep 88 pp 46-47

[Article by Chen Shuyu (7115 3359 3254): "Engaging in Fraud and Identifying Fraud"]

[Text] A famous writer recently wrote an article criticizing the decline in the quality of a particular well-known brand of wine. The director of the producing factory made a noise in response complaining of injustice and noting that there were at least 20 types of inferior quality wine being passed off as that well-known brand. A particular hair restorer with good results had been selling quickly on the international market and was considered an excellent product. However, recently, several patients advised that it was not effective and also had side effects. The factory which produced this product and its inventor had to take out advertisements to, on the one hand, provide usage instructions and, on the other hand, to solemnly declare that counterfeits of this medicine had appeared and that customers should be careful to distinguish fakes when purchasing the product. A few days ago, the television news broadcast an item of news that a peasant had used fake chemical fertilizer, causing all his crops to wither. Such a scene would have been hard to bear.

However, news reports are not necessarily entirely reliable on all details. There have also been many cases where on the spot reportage has been unfactual in its basic points, giving rise to disputes and even litigation. Even news photographs which should faithfully record objective things, have been known to mix in many fabricated things. For example, there was a news photograph showing a modern woman carrying forward the revolutionary tradition by using her breast milk to succour wounded members of the border forces. After the photograph was published, it was discovered that the woman was actually a very full-breasted model and that the touching scene of healing the wounded and saving the dying was completely staged.

In engaging in natural science research, of course one should proceed from the existing facts. Thus, the English biologist Huxley demanded that scientists, like young students, should respectfully "sit in front of the facts." The Soviet Union's biologist Pavlov pointed out that "facts are a scientist's air." However, in the last few

decades, incidents of fabrication have repeatedly occurred. According to an investigation by the British magazine "New Scientist", completely fabricated experimental data constitutes 7 percent of all such data, while intentionally misinterpreted data constitutes another 2 percent.

In the political and social science fields, incidents of fabrication have continued from ancient times until now, both in China and abroad. On 6 April 1927, the Fengtian warlord Zhang Zuolin secretly ordered the armed police to carry out an investigation of the embassy of the Soviet Union in China, and arrest Li Dazhao and other revolutionaries. After the event, the proof of the Soviet Union's "conspiracy"—the "Directive to the Military Attache in China"—was made public, and they accused the Third International of instigating the members of the Communist Party of China to engineer the "Nanjing Massacre." This became a trump card in the anti-Soviet, anti-Communist counter-current at that time. Fifty years later, some foreign historians believed it to be genuine and some countries still have this "Directive" in their diplomatic archives. Now it has been found that this "Directive" had, through Zhang Zuo-lin's instigation and a secret plan by the Fengtian faction officials, been faked by a White Russian journalist named Mi-ta-lie-fu [4717 1044 0441 1133]. In recent years Mao Zedong's statement about "meeting Lu Xun" and Zhou Enlai's statement that Zhou Zuoren allying himself with the enemy during the War of Resistance was "the result of the KMT and the CPC having separately carried out discussions with him," have, through wide-ranging investigations by people specially organized by relevant departments, been shown to have been purely fabricated. Those who fabricated these statements have been punished.

When we analyze the above-mentioned various types of fraud, we see that they are in general for achieving a name, seeking profit or realizing a particular political goal. If there is no profit to be made, no name to be gained or no political aims to be achieved, in general people will not rack their brains for ways to engage in fraud. The reason the various counterfeit products can take people in is that they make use of people's desire for new and strange things and their weak point of being trusting. The usual practices of counterfeiters can be summed up as "mixing the fake with the real." People cannot engage in fraud without a basis for defrauding. Those who engage in fraud usually use real products to make people lower their guard and then, at the critical point, mix in the fake goods. While sharp-eyed people are able to see the problem, most people are easily taken in.

Since ancient times, our country has had a fine tradition of distinguishing the false and refuting errors. In "Han Shu-Account of Art and Literature", fake works of literature are noted as being "fraudulent" or "suspected of being fraudulent." The "Congjing Mulu" which was compiled by the monk Fa Jing in the Sui Dynasty

established a category of "suspected forgeries." The "Dahe Bianbang Lue" by Li Deyu of the Tang Dynasty, aimed at distinguishing which of the loyal and worthy ministers from the Zhou to the Tang Dynasty had been falsely slandered. Unfortunately, this work is lost to us. Under the Song dynasty, doubts about things recorded in the past were most strongly expressed. Sima Guang put forward points of doubt about "Mencius", Ouyang Xiu put forward points of doubt in respect of "I Ching-Shiyi", Zhu Xi put forward doubts about "Zhou Li" and Zheng Qiao put forward doubts about "Shi Yu". These were the precursors of the latter discrimination of forgeries studies. During the reigns of Qianlong and Jiaqing of the Qing Dynasty, the study of discrimination of forgeries entered its period of greatest splendour. Then, after the May Fourth Movement, there appeared in China the "ancient history discrimination school."

Since the founding of the PRC, our country's historical research has realized internationally-recognized achievements. This has been especially so in the modern economic history of China. Also, many new fields of research have been opened up. However, under the influence of the "Leftist" line, the stressing of distinguishing false historical materials did not receive the attention it should have. On the contrary, the practices of choosing facts to prove some ready-made conclusions or smothering material which did not accord with some subjective idea, gave rise in a certain degree to chaos in and a shortage of historical materials. Further, during the years of havoc under the "gang of four" a large amount of fake historical materials appeared under the cloak of "historical research serving politics." The pernicious influence of this phenomenon has still not been cleared away.

At present, the commercial circles are, through various media, widely disseminating to customers knowledge about how to differentiate genuine and fake products. Some countries have also established "false information analysis centres" and have adopted measures to supervise the quality of the products of scientific research. They are engaged in a fight against the greatest enemy of modern scientific research—forgery. Because of the rise in "an enthusiasm for reappraising history" and the use of computers to store, check and find information, there is an even greater need for the distinguishing of forgery in the social sciences. If incorrect and contentious facts are used as a base, we will not be able to stand on a new high point of history and correctly sum up historical experiences. If we do not first prepare reliable materials and classification procedures, the computers will reproduce incorrect conclusions, making initially complex questions even more complex.

People can easily recognize the harm of fake products and thereby guard against them. However, regarding false actions in the social sciences, it is easy for people to see these as "voices of authority" and take a tolerant attitude towards them. Also, it must be borne in mind that inaccurate materials can be used by people with

ulterior motives and fake historical materials can harm people's reputations and even end in people's death. Before liberation, there was an article which wrongly noted that Qiu Jiuru's pen name "Yunsheng" was Qu Qiubai's pen name. Further, the long poem "The Chinese Traitor's Confession" which had been written by Yunsheng, was criticized by Lu Xun. During the "ten years of calamity", some people submitted to the writer's organization, which was controlled by the "gang of four," the "Report on Yunsheng, That Is Qu Qiubai, Who Was Criticized by Lu Xun." This provided more fuel to the flames being fanned by the "criticize Qu Qiubai" counter-current at that time.

Due to a sudden worsening of his cancer, Zhou Enlai underwent another operation on 20 September 1975. Before the operation, he asked for a transcript of the recording of his special report on the so-called "Wu Hao notice" which had been fabricated by the KMT, a report which he had made to the Central Committee Report Meeting on the Criticism of Lin Biao and the Rectification of Party Style in June 1972. He used a trembling hand to sign it and then loudly said: "I have been loyal to the party and loyal to the people! I am not a capitulationist!"

Whenever I meet difficulties or obstacles when carrying out work involving the distinguishing of fake historical materials, there appears before my eyes the image of Zhou Enlai's hand trembling as he wrote....

Supreme Court Cracking Down on Economic Crimes
OW2909000688 Beijing XINHUA Domestic Service in Chinese 0923 GMT 27 Sep 88

[Text] Beijing, 27 Sep (XINHUA)— The Supreme People's Court yesterday issued a circular to the higher people's courts of the provinces, autonomous regions, and municipalities directly under the central authorities urging them to severely punish serious economic offenders and promptly handle cases of economic crime.

The circular urges people's courts at all levels to earnestly study and grasp the great significance of the recent decision of the central authorities to make the improvement of the economic environment and rectification of the economic order the focus of reform and construction during the next 2 years. It is necessary to crack down hard on criminal activities that seriously harm the economic environment and economic order. The courts must resolutely deal with cases of massive speculation and profiteering involving enterprises, institutions, government organs, and public organizations that do great harm to the state, as well as those serious cases that already constitute crimes. Such cases must be dealt with according to law. Instead of letting criminals off or just imposing a fine merely because they did not "embezzle" the money, the courts should investigate the criminal responsibility of the competent personnel of these units and other people directly involved.

The circular urges the people's courts at all levels to continue to implement the system of registering and filing important cases so that they can always keep track of the situation. Cases that have been referred to the courts must be dealt with promptly and concluded as quickly as possible. They must insist on holding open trials and publicly announcing the sentences in accordance with the law. Some of the important cases may be reported publicly after they are concluded.

Energy Expert Calls for Conservation Law
OW2909040088 Beijing XINHUA in English
1307 GMT 28 Sep 88

[Text] Beijing, September 28 (XINHUA)—A leading Chinese energy expert has called for the formulation of an energy-conservation law in a bid to ease China's present energy shortage and cut energy waste, the "GUANGMING DAILY" reported today.

Thirty percent of the country's production capacity is not being used due to frequent electricity cuts forced by the energy shortage, the paper quoted Professor Zhu Yajie, president of the China Energy Research Association, as saying.

In 1987, Zhu said, China cut 910 million tons of coal and yet it was still short of 70 million bbl of oil and 70 billion kilowatt-hours of electricity.

Meanwhile, its energy consumption in production is two to four times higher than that for the advanced countries, the paper quoted the World Bank and China's State Statistics Bureau as saying.

Even so, the energy waste is enormous, said Professor Zhu Yajie, president of the Chinese Energy Research Association, in an interview with the daily.

He attributed part of the reason to outdated equipment, saying motors made in 1937 are in use in China. Also, he pointed out, the capacity of existing equipment has not been fully tapped and enterprises executives are ignorant of the importance of energy saving.

"To solve the problem," he said, "an energy-saving law should be drawn up in the first place, as in the United States, Canada, Japan and some other advanced countries."

"Without such a law, energy waste cannot be checked," he noted.

After the formulation of the law, authoritative law-enforcement organs should be set up and violators should be brought to justice, he said.

"The law should be drawn up and passed as soon as possible. Otherwise, China's plan to double its energy output and quadruple its gross national product by the year 2000 may end up as an empty talk," he stressed.

Book on Party Discipline Rules Published
OW2909000388 Beijing XINHUA Domestic
Service in Chinese 0822 GMT 27 Sep 88

[Text] Beijing, 27 Sep (XINHUA)—"Selected Regulations and Provisions on Party Discipline Inspection Work" will be published by the People's Publishing House in November.

The book, compiled by the Office of the Discipline Inspection Commission of the CPC Central Committee, contains five sets of regulations and provisions successively promulgated by the Central Discipline Inspection Commission this year, including "Regulations on Case Investigation Work of the Discipline Inspection Organs of the Communist Party of China (for trial use)." An explanation of "Interim Provisions for Party Disciplinary Actions Against Leading Cadres With Party Membership Who Commit Grave Bureaucratic Mistakes of Dereliction of Duty" will be made public for the first time in the book.

The publication of the book will help enhance the openness of the party's discipline inspection work, help all party members and the people throughout the country understand and supervise the party's discipline inspection work, and help party organizations and discipline inspection organs at all levels improve the discipline inspection work.

Hong Kong XINHUA Chief Criticizes CAAC
HK3009052788 Hong Kong SOUTH CHINA
MORNING POST in English 30 Sep p 1

[By Lai Pui-Yee]

[Text] Mr Xu Jiatun, director of the Hong Kong branch of the NEW CHINA NEWS AGENCY, has become the second mainland official to publicly criticise service aboard China's national airliner.

Beijing's top representative in the territory wrote a letter in May to the Shanghai office of the Civil Aviation Administration of China (CAAC) to complain about rude treatment while trying to take a flight from Nanjing to Hong Kong.

The letter was published yesterday in the Chinese newspaper HONG KONG DAILY NEWS.

Speaking at a reception hosted by the Federation of Trade Unions to celebrate the 39th anniversary of the People's Republic of China, Mr Xu confirmed that he had sent the letter.

He said he had already received a reply from the relevant authorities saying they would try to improve the service. Mr Xu said he was satisfied with the explanation.

Mr Xu said what he wanted was actual improvement in service because the incident did not arise from a personal problem but reflected the larger problem of the CAAC's poor service.

In a letter to the Shanghai civil aviation authority, which oversees the CAAC's Nanjing bureau, Mr Xu said that he, his wife and an assistant were given a hard time by the crew of Flight 5003 on May 5.

The letter said they had followed all the necessary boarding procedures and had sought permission from Nanjing airport authorities to board the plane ahead of the other passengers.

Nanjing is the capital of Jiangsu Province, where Mr Xu served as party secretary and governor before being posted to Hong Kong in 1983.

However, Mr Xu said, the crew members, who were chatting inside the plane, did not want him and his party to enter the cabin and also accused them of carrying oversized bags.

Mr Xu said he had carried the same bags on many previous flights and no one had ever complained about them. Besides, the bags contained documents that had to be carried by hand.

But when he tried to explain, a crew member rushed out of the cockpit and joined the others to shout at him.

To avoid further acrimony, he offered to send the bags as cargo, but the crew then said it was too late and blamed him for not making that arrangement earlier.

When Mr Xu criticised the crew members for their rude manners, they retorted that even leaders such as Communist Party General Secretary Zhao Ziyang and Chinese Premier Li Peng received the same treatment on the flight.

Most unbearable for him, Mr Xu wrote, was that he and his wife and assistant were insulted in the presence of passengers from Hong Kong and Macao and other countries, and the crew members made remarks that reflected badly on the Chinese leaders and the CAAC.

Mr Xu said that in order to allow the other passengers to board peacefully he left the plane. But the crew continued to shout at his assistant and would not allow him to leave the plane.

After they left the plane, Mr Xu said, they withdrew their bookings so as not to cause any delay to the flight. Nevertheless the flight was delayed for almost an hour because the crew decided to take the matter up with the Nanjing aviation authorities.

Mr Xu said that puzzled him most was that not a single official from the Nanjing aviation authorities intervened.

When Mr Xu made a complaint to the Jiangsu Travel Bureau, which chartered the flight, a leading official said they could not intervene because they could not afford to offend the crew.

A spokesman of China Eastern Airway—the regional airline company set up last year as part of CAAC's restructuring and which is now responsible for air services between Nanjing and Hong Kong—said the dispute was largely due to poor co-ordination.

In a telephone interview with the SOUTH CHINA MORNING POST, he admitted that crew members of the Flight 5003 had been rude, but added that Mr Xu's assistant was also to blame.

"The assistant's manner was also not good," he charged.

The spokesman said Nanjing airport was duly informed that Beijing's top representative in Hong Kong would be on the flight. Mr Xu and his party were therefore allowed to proceed to the plane ahead of the other passengers.

However, since China Eastern Airway had not been notified of the presence of the VIP, the crew forbade him from entering the cabin, he said.

In 1986, Mr Xu Shijie, then a deputy party secretary in Guangdong, complained to a mainland newspaper of rude treatment on board a domestic flight.

State To Lessen Role in Arts Administration
OW3009032088 Beijing XINHUA in English
1313 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—Most of China's performing arts troupes will be run by collectives or individuals in the future, with only a few ones run by the state

As part of China's ongoing cultural reform, a new double-tier arts administration system will be instituted nationwide, the OVERSEAS EDITION of the "PEOPLE'S DAILY" reported today.

The new system is designed to overcome rigid state controls over most troupes, the State Council, China's highest governing body, said in a circular issued recently.

It is also intended to improve management of the troupes, enhance initiative and creativeness of performers, and enable government cultural departments to exercise indirect management of the troupes, the circular noted.

According to an overall reform plan, the state will run only a few national troupes requiring state financial support—including those representing the nation's highest development in the arts, those with special historical value or experimental features, and those with minority nationality interests.

These troupes can take the form of the ownership by the whole people, under the plan drawn up by the Ministry of Culture.

They can institute either the director responsibility system with directors of the troupes taking full charge of management and operation or the director contract system under which directors contract management of the troupes with government cultural departments.

The state-owned companies will then have to either stand or fall on their own merits—their survival will depend on their performance, the paper said.

Non-governmental-run performing arts groups will have the autonomy to form their own independently-managed troupes or they can hire agents to help them recruit performers.

They enjoy full decisionmaking powers in their operations and can stage any profit-oriented performance, provided they follow the guidance of cultural policies of the Chinese Communist Party and operate within what is permitted by China's laws and regulations.

Instead of reducing the amount of money the state allocates to performing artists, the new system will increase the money with China's economic growth.

But money now will be dispensed as loans, funds or rewards for artistic development, rather than simply being doled out to the groups—as has been the practice in the past.

The Ministry of Culture has also decided to disband a number of performing arts troupes that have seriously violated the country's regulations governing artists or have incurred heavy losses as a result of mismanagement.

In a bid to create a favorable environment for performers to compete, the Ministry of Culture has decided to open the performing arts market by allowing arts troupes to fix their own ticket prices.

Plant Reforms Military Product Inspection

*HK3009024988 Beijing JIEFANGJUN BAO
in Chinese 17 Sep 88 p 1*

[Report by Yu Zhongqing (0151 6850 3237) and reporter Wang Hongshan (3769 3163 1472): "Army Representative Office of Plant 132 Reforms Work in Inspecting Military Products To Meet the Needs of the New Situation"]

[Text] On entering Plant 132, we saw that people were busy assembling new models of fighters. Army representatives stationed at the plant and responsible for supervision also worked busily with other workers on the assembly line.

Facing the new situation that military industrial enterprises are tending to be transformed into Army-civilian complexes, the representative office of Plant 132 launched a series of reforms in the work of army representatives in order to guarantee the quality of military products and promote the development of new equipment. First, they switched from the past practice of examining only the finished products to carrying out quality control in the whole production process of military products. The 50-odd army representatives were divided into 5 professional groups, such as metallurgy and airframes, and supervision and control were exercised over the 270-odd major processes, from input of raw materials to final assembly and trial flights, constituting nearly 100 percent of supervision and control coverage.

After the implementation of the policy of "developing more and manufacturing less," the army representative office automatically extended its work "forward": Two new types of fighters were being developed under the leadership of two deputy general representatives, who had collected nearly 2,000 suggestions in different units and auxiliary product plants in the past 3 years. It also extended its work "backward": Work like interviewing, information feedback, and after-sales service in regard to the use of fighters in units was strengthened. During the time when a new fighter is being developed, the Army representative office will compile the relevant information with the plants and institutes concerned, prepare spare parts and equipment, and arrange the whole training program for aircraft assembly personnel in the units.

This policy is both "offensive" and "defensive." The army representative office has actively introduced to the plant advanced management techniques, both local and foreign, such as double checking of inspection and stratified quality control; and the use of microcomputers in the quality control of military products. The "calculation process of weight, center of gravity, and residual oil of the series 7 fighters" it developed increased work efficiency by 60 times; and the software for "quality control of airborne finished products" and "management of single-unit records and coordinated situations" is regarded as a major application project by the plant. Also, it assisted the plant in tackling the longitudinal oscillation problem of the series 7 fighters, which was honored with a first-grade award by the Ministry of Aviation; and the rocket-projected lifesaving system was honored with the gold medal award of the state.

Soldiers Battle Against Natural Disasters

*OW2909152488 Beijing XINHUA in English 1336
GMT 29 Sep 88*

[Text] Beijing, September 29 (XINHUA)—More than 100,000 officers and men of the Chinese People's Liberation Army (PLA) have fought against floods, landslides, mud and rock flows and other natural disasters this year, the "LIBERATION ARMY DAILY" reported today.

They were sent to disaster-afflicted regions in the first eight months of this year. They helped evacuate 350,000 people and rescued 500,000 tons of materials.

During a landslide June 21 in Shangrao County, Jiangxi Province, a local artillery brigade rushed to the spot and rescued 56,000 local residents.

Again, more than 1,800 Chinese and foreign visitors were stranded on the top of Huashan Mountain July 15 as a result of a flood. Local troops succeeded in escorting all the visitors down the mountain after a 30-hour rescue operation.

Also, troops stationed in Sichuan Province saved 134 lives when a boat sailing from Yibin City to Leshan City sank in the Minjiang River, a tributary of the Yangtze River, on July 21.

Mergers Encouraged To Help Weak Enterprises
OW2909171488 Beijing XINHUA in English
1134 GMT 29 Sep 88

[Text] Wuhan, September 29 (XINHUA)—They were once desperate after finding out that their factory was bankrupt and they squatted in front of the Wuhan City government to ask for help.

But now these workers of the former Wuhan Light Industrial Machinery and Electrical Appliance Plant, in the capital of Hubei Province, are happily working and enjoying the same treatment as others in another plant—the Wuhan No. 3 Machine Tool Plant—as their plant has been taken over by the latter.

Du Xiaolin, a fitter of 14 years' standing who had to sell eels after his plant closed down because of poor economic management, said, "I never expected that I could still continue in my former job and even earn 110 yuan a month."

Founded in 1966, the Wuhan Light Industrial Machinery and Electrical Appliance plant was a collective enterprise with more than 300 employees producing sewing machines. Its products could not find any sales in 1983 and it faced ruin.

After taking over the plant, Wei Zhenghuan, director of the the Wuhan No. 3 Machine Tool Plant, said, "Having more employees and working places will enable us to expand production and boost our profitability."

Wei acknowledged that most of the new workers are unskilled and need to be trained before taking up their posts.

The Wuhan Light Industrial Machinery and Electrical Appliance Plant is one of China's 1,500 weak enterprises that have been annexed by other enterprises with better economic management.

Zhang Yanning, vice-minister of the State Commission for Restructuring the Economy, said, "Enterprise mergers are an effective way to optimize the realignment of production factors and rationalize enterprise structure."

Under the condition that all the assets of the state-owned enterprises belong to the state and are not permitted to be sold, much of the capital in these enterprises, which is badly needed by more efficient enterprises, stays idle.

The vice-minister pointed out, "According to the specific conditions, it is necessary to encourage mergers to solve these difficulties."

The Wuhan Towel Plant, the largest state-owned enterprise of its kind in central and south China, found its production limited because it had not enough workshops or equipment and had to cut its annual output value by five percent a year in the past.

Encouraged by the Wuhan City government, the plant took over four collective enterprises last year.

Xiao Fan, plant representative, said proudly, "The annexations have brought us unexpected results."

With more work facilities and a bigger work force, the plant has expanded product variety to table napkins, pillow covers, blankets, garments, leather shoes, electrical appliances for industrial use and domestic ornaments. Its industrial output value, profits and revenue have all set record highs.

Zhao Baojiang, mayor of Wuhan City, capital of Hubei Province, said, "enterprise annexation has benefited enterprises, the bank and the mayor. It will help boost production, pay back debts and rationalize the social production structure."

Importance of Internal Contracts to System
HK3009092888 Beijing RENMIN RIBAO in Chinese
26 Sep 88 p 5

[Article by Zhang Dayin (1728 1129 0603): "Doing a Good Job of Internal Contracts Is an Important Link in Perfecting the Contract System"]

[Text] Further perfecting the contract system is the objective demand for deepening reform. Based on the internal mechanism and present conditions of enterprises, it is imperative to do a good job of internal contracts, and to perfect the operation mechanism of enterprises.

The contract system features direct and overall relations between the contributions made by laborers and economic interests, including an overall connection between the responsibilities, powers, and interests of the manager, every section, and every laborer in enterprises. This characteristic itself indicates that only through internal contracts, that is, through contracting an assignment to

every section and every staff member and worker in enterprises, can economic returns be yielded. Generally speaking, when an enterprise enters into a contract with the government, a contract which is specifically referred to as an external contract as opposed to an internal contract, the relation between the two parties with regard to the distribution of profits is clearly defined; as are the manager's responsibilities, powers, and interests. However, this only provides favorable external conditions for enterprise operation, that is, it only draws a clear distinction between the responsibilities of the government and those of the enterprise, enabling the enterprise to make its own management decisions. To really invigorate the operation and improve economic returns, we must mobilize the enthusiasm of laborers by doing a good job of internal contracts and by combining responsibilities, powers, and interests of various sections and staff and workers in the enterprise. If we go no further than "external contracts," there will be no direct and overall connection between labor and profits, a connection called for by the internal mechanism of the contract system, and the role of the contract system cannot be brought into full play. Therefore, the enterprise must unswervingly proceed from "external contracts" to "internal contracts," fulfilling external contracts down to every section and every staff member and worker in the enterprise. With the responsibilities of the manager as a single contractor shared among members of the enterprise and their enthusiasm added to that of the manager, a system is formed within the enterprise under which the fulfillment of external contracts are ensured. Only in this way can we give full play to the contract system.

Bearing in mind the existing situation of enterprises, it is a pressing matter of the moment to improve the internal contract system. In the past, a major reason for stagnant enterprise operation is that enterprises cannot operate on their own. But now, when enterprises are granted a certain power to make management decisions, they fail to make adequate, flexible, and proper use of the power. An outstanding problem is that the enterprises have not really firmed up external contracts, or they fail to do a good job of internal contracts. They are satisfied with including the external contracts in their production targets without doing anything substantial. It is hard to imagine that management and economic returns will be improved if enterprises are run in this way.

Certainly, perfecting the internal contract system involves many problems. In my opinion, we should pay special attention to two aspects.

First, the contents of internal contracts should be improved. At present, most of the contents of internal contracts consist of several main economic targets. These contents are undoubtedly vital, but they fall far short of requirements of the contract system. Internal contracts should at least include the following points: 1) Every department and every worker and staff member should be assigned a specific contracted quota, making

sure that "everybody shoulders part of the responsibilities, and everyone has his own quota." 2) It is necessary to ensure that not only every department and every member fulfill their quotas, but also that the enterprise fulfills the contracted task. 3) It is necessary to introduce a scientific and reasonable assessment standard by which to strictly check every department and every staff member and worker on their work results. 4) The relations between departments on the one hand and workers and staff members on the other with regard to division of labor and cooperation should be specified in quantity, and be included in the contents of internal contracts as an important item.

Second, the ways and means of internal contracts should be improved. At present, most internal contracts are contracts "free of risks." This practice should be improved by introducing competition into enterprises by which every department is to compete with one another in securing contracts by submitting their tenders. For contracts without risks, contractors are selected in secret and among a small number of people, while inviting public bids will result in open competition involving many interested parties. As contractors are decided by a number of factors including the masses, the leadership, and the contractors' recommendation, and they are exposed to risks in entering into contracts, they will try their best to employ the most suitable persons to ensure a successful fulfillment of internal contracts. In this way the percentage of successful internal contracts will increase by a big margin.

In introducing the internal contract system, suitable measures should be taken to closely combine contributions made by the staff and workers with economic interests, so that their sense of responsibility will be strengthened. Some enterprises introduce risks into internal contracts, and the staff and workers are required to contribute to a fund against risks. This serves to really bind the workers' vital interests to the destiny of enterprises, greatly enhancing their sense of duty. This practice merits attention.

Auto Production To Double Next Year
OW2909191788 Beijing XINHUA in English
1605 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—China will double its auto output and turn out 53,000 cars next year in a bid to curb large-scale imports, a Chinese official said here today.

Chen Zutao, chairman of the board of the China National Automotive Industry Corporation, pledged big efforts to produce more and better cars in a XINHUA interview.

He said next year's cars and sedans are mainly the products of Sino-foreign joint ventures featuring early 1980s world class technology.

Of the year's total output, Shanghai will build 20,000 Shanghai-Santana sedans, Tianjin will co-produce 5,000 cars with a Japanese manufacturer and Guangzhou will turn out 8,000 Peugeots, he said.

The chairman said the State Council has made a decision to tighten controls on the import of foreign cars, tourist coaches and buses, and will encourage buyers to purchase Chinese products.

In the meantime, the central government is concentrating its funds and materials on building auto manufacturing facilities in Shanghai, Changchun and Hubei, which he hopes will increase production during the next few years, the chairman said.

Chinese car manufacturers have also launched several large co-operative ventures with their counterparts in Federal Germany, Japan, Italy, France and the United States.

At present, only about 25 to 30 percent of Chinese auto parts are made in the country.

According to the corporation, China's demand for new cars is increasing by leaps and bounds—about 100,000 are needed for next year alone—and to meet the demand the state will also import some cars from East European countries, including the Soviet Union, Poland, Romania and Yugoslavia, by barter trade.

This year the Chinese auto industry has fulfilled its annual target four months ahead of schedule, producing 415,000 motor vehicles. The industry is expected to turn out a total of 500,000 motor vehicles by the end of the year.

Many Foreign-Funded Enterprises Licensed in 1988
HK3009093588 Beijing CEI Database in English
30 Sep 88

Beijing (CEI)—3,085 new foreign-funded enterprises were licensed in China in the first eight months of this year, triple that of the same period last year. Investment agreement value has been reached on a total of 2.846 billion U.S. dollars, 74.6 percent higher than the same period last year. Of the sum, 1.312 billion dollars have already been invested, 25.6 percent higher than the same period last year.

In the eight months, the number of co-operative enterprises rose 2.19 times to 2,049 and wholly foreign-owned ones jumped 6.5 times to 137 over the same period last year. Fujian Province ranks first in overseas investment increase, mainly from Taiwan.

It is learned that overseas-funded enterprises in China are operating well in production and management with good economic returns. In the first half of this year, their exports reach 570 million U.S. dollars, 133 percent more than the same period last year.

'Surge' in Personal Foreign Exchange Deposits
HK2909100388 Beijing CHINA DAILY in English
29 Sep 88 p 2

[By staff reporter Liu Hong]

[Text] Rising interest rates have led to a major surge in personal foreign-exchange deposits over the last three months, the Bank of China informed CHINA DAILY yesterday.

The monthly average increase has approached \$50 million since June.

By the end of August, the personal deposits had totalled \$975 million, 79.2 percent higher than in the same period last year.

The bank, mainly engaged in China's foreign exchange transactions, has attracted around a million depositors who have contributed about 95 percent of the individual foreign exchange deposits in the country.

It began relating its interest rate on foreign exchange savings to that of the international financial market at the end of 1987. An official said the bank had adjusted the interest rates on 10 major foreign exchanges 36 times this year to reflect changes on the world market.

Compared with the same time last year, the increase for the current interest rate on one-year term deposits of the U.S. dollar has registered 41 percent, of the pound sterling 69 percent, of the French franc 23 percent, and of the Hong Kong dollar 40 percent.

The bank began accepting personal foreign exchange deposits in 1983. Since it adopted the practice of secure free deposit and withdrawal in 1985, it has been doubling the total of personal foreign exchange deposits every year.

The minimum amount required to open a foreign-exchange savings account at the bank is equal to the value of 20 yuan for current deposit and over 50 yuan for fixed time deposit.

Bank analysts foresee no major change in the interest rate on personal foreign exchange deposits in the near future.

'Roundup' on Foreign Loan Help for Railways
OW2809134888 Beijing XINHUA in English
1143 GMT 28 Sep 88

["Roundup: Foreign Loans Vital to Upgrading China's Railways"—XINHUA headline]

[Text] Beijing, September 28 (XINHUA)—Foreign loans have become important financial props in shoring-up China's modernizing of its railway system.

China recently received fresh loans totalling 1 billion U.S. dollars from the World Bank and the Japanese Government for the construction of eight new railway projects, an official from the Railways Ministry announced here yesterday.

Yet this new money represents only part of the foreign capital China has pooled from abroad to modernize its outdated, overloaded railways, in keeping with the country's burgeoning economic development.

According to the official in charge of foreign loan procurement, since China's adoption of its open-door policy in late 1978 the country has made a point of inviting foreign investment in its railway construction. To date, a total of 3 billion U.S. dollars has been obtained.

Through the years, he said, the loans, mostly provided by the Japanese Government and the World Bank, have turned out to be a valuable counterbalance to China's chronic shortage of railway construction funds and have been used in the construction and upgrading of about 40 key railway projects.

With this money, China has been building a number of major coal-moving railroads and cargo-passenger transport arteries, including the Beijing-Qinhuangdao double-track electrified railways, the Yanzhou-Shijiang line, the Xinxiang-Heze line, and the Jiaozuo-Zhicheng and Beitongpu electrified railways.

Foreign money was also used to help upgrade the Hengyang-Guangzhou double-track railway on the Beijing-Guangzhou trunk line, and the Zhengzhou-Baoji, Chongqing-Guiyang, and Yingtian-Xiamen electrified lines.

Construction of the 272-km Beijing-Qinhuangdao double-track electrified railways, the 308-km Yanzhou-Shijiang line and the 165-km Xinxiang-Heze railway has also now been completed.

A veritable cornucopia of coal is now being moved out of China's northwestern base to coal-hungry eastern provinces and cities, creating huge economic and social benefits, the official said.

According to the ministry official, construction of the Hengyang-Guangzhou double-track railway is now well underway and is expected to be finished by the end of

this year. "Its operation will double the handling capacity of the Beijing-Guangzhou railway, one of China's major transport arteries", he said.

Renovation of the northern section of the electrified coal-moving track from Datong to Fenglingdu (or Beitongpu coal-moving track) will also be completed within the year, he said, adding that other construction projects are also well on track.

Using the influx of foreign money, China has also introduced updated technology and equipment which have helped speed up the railway construction, the official said.

Meanwhile, according to the official, China plans to use more foreign loans to build still more railways in the coming days. "China's busiest rail routes: the Beijing-Shanghai railway, the Zhejiang-Jiangxi and Shanghai-Hangzhou double-track lines, and the eastern part of Datong-Qinhuangdao coal-moving railroad, are expected to be upgraded with foreign loans," he said.

A key transportation system, China's 54,000-kilometers of railway line are now handling 70 percent of the country's total cargoes and 60 percent of all its travellers.

Rural Enterprises Show Dramatic Growth
HK2809150088 Beijing CHINA DAILY
in English 28 Sep 88 p 1

[By staff reporter Guo Zhongshi]

[Text] Despite sharply rising costs of raw materials and an acute shortage of funds, the 30 percent growth rate of China's rural enterprises is a dramatic increase over last year's rate.

However, according to senior officials of the State Township Enterprise Bureau, China's 17 million rural industries are facing increasingly heavy burdens that plague further development, a situation that "does not warrant optimism."

In addition, poor management is driving some of these firms out of business, the officials said. And those which fail to pass pollution inspections are being closed by state and local governments.

Official statistics show that the total profits earned by township enterprises so far this year topped 21 billion yuan, an increase of nearly 33 percent over the same period last year. Total output value climbed 40 percent over last year's figure to reach 285 billion yuan.

At the same time, the high growth rate is accompanied by a large expansion of export-oriented enterprises. Sales of export commodities in the first half of this year increased 60 percent in inland enterprises and by as much as 80 percent in the coastal areas over the same period last year.

Despite these advances, rural industry authorities are calling attention to problems which, if left unsolved, will jeopardize the momentum of the burgeoning rural industrial firms.

Zong Jinyan, chief of the management department of the bureau, said that the majority of township enterprises, which have been handing too much of their profits to local governments, are now suffering from increasing taxes, cuts in favourable treatment previously granted to them and a sharp rise in their business expenses.

He said that these problems, together with the exorbitant prices of raw materials, are forcing many rural enterprises to accept small profits or to suffer losses at a time when the rural areas are losing their precious cheap labour to industrial firms that offer higher pay.

Since the beginning of 1986, nearly 1 million township enterprise have dropped out of market competition and have gone bankrupt or closed because of poor management and pollution problems.

Self-Determination [subhead]

Chen Yaobang, deputy minister of agriculture, warned that rural industries' traditional management styles and production methods are no longer suited to the present situation. These must change, he said, if the rural industries hope to realize their ambition of entering the world market.

Unlike state-owned enterprises, most of the country's township firms enjoy full self-determination in production, the responsibility for their own profits and losses, a fairer distribution system and faster means to shift production to suit the market demand, Zong said. He added that these advantages will lose their strength if the existing problems are not solved soon.

Chen urged rural industries to turn to intensive production backed up by technical improvement to adapt to changing markets instead of fixing their eyes only on expanded production.

Officials of the environmental protection department of the bureau said that a number of measures are being taken across the country to tackle the rural pollution problems which are mainly found in paper-making, printing, electrode plating, and building material industries.

Although rural pollution, which accounts for about 16 percent of the national total, is not too large, the threat it poses to agriculture is alarming and should be checked as soon as possible, they added.

Problems in Medical Profession Surveyed *OW2809193688 Beijing XINHUA in English 1546 GMT 27 Sep 88*

[Text] Beijing, September 27 (XINHUA)—Less than half of the people working in the medical field like their jobs, the "HEALTH NEWS" reported today.

Sixty percent of them complained their social status is descending, according to a survey conducted among 300 medical workers in Beijing and Wuhan, the capital of Hubei Province.

Nearly 60 percent of them still think medical work is a noble profession, but 40 percent of them say that they have had no alternative but the medical profession.

"Medical work was always respected before 1966, but now things are different and there are many problems in medical circles," said a director of the Nursing Department of a hospital. "The major one is low pay," he added.

Almost every doctor and nurse complained that they do not get due pay for their hard work.

Nevertheless, the poll shows that few people are planning to leave their jobs or shift to other occupations. About 36 percent of those surveyed considered that despite the low pay and poor conditions in China's medical service, they still like their jobs.

"It would be a regrettable thing to abandon what we have learned in college. So I can't tear myself away from clinical practice," said a middle-aged doctor.

"With the social and economic development, I'm sure the state will certainly take measures in the future to improve our working and living conditions," he added.

Answering the question, "What are you concerned about most now?", 24 percent of those working in a big hospital said it was money; 28 percent, their professional titles; 24 percent, professional studies; and 16 percent, medical reform, with eight percent miscellaneous.

Senior doctors in large hospitals are not in favor of doctors offering services in their spare time. "That will surely distract their energy and affect their professional work," one doctor said.

The poll also shows that 60 percent agree that all heads of hospitals should be voted for instead of being appointed.

Young People Most Interested in 'Making Money'
OW2909045888 Beijing XINHUA in English
0158 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—China's major policy of encouraging some people to become rich first has greatly changed ideas of the young, reported today's "CHINA DAILY".

A few years ago, many of the self-employed complained about their difficulties in finding spouses. But a recent survey of 200 young women from the southern city of Guangzhou showed that 70 percent are interested in self-employed husbands.

The idea of making money is also popular with college students. According to the paper when the Civil Aviation Administration of China advertized to employ 20 stewardesses last March, about 250 senior college students competed for the job.

They held that their first consideration lies in higher benefits, and that an appropriate job to fit their major studies is not so important.

Since the beginning of the 1980's, one-fourth of college graduates who were assigned to work in the educational departments of Beijing's Western City District have resigned or transferred their job.

The slogan, "It is better to go to vocational schools than universities," has spread from Shanghai and become popular with students in other big cities, said the paper.

A considerable number of young people give up their college majors and engage themselves in business as they cannot get an appropriate treatment in spite of their knowledge acquired with assiduity.

Young people's choice today forebodes a strong inclination towards the pursuit of material gains. The titles of being model workers used to be cherished by their parents but now are ignored by the young.

Most young people are concerned about reform only when it can bring about more chances of making material benefits.

"Is it true that the young generation is reconciled to mediocrity or that the defects of the current system is inducing the young to be mediocre?" The paper asked.

Correction to Interview With Tibetan Leader

The following correction pertains to the item headlined "Tibetan Leader Bainqen Interviewed," published in the 29 September China DAILY REPORT, page 26:

Column two, paragraph four, line seven reads: ...the aim of rectifying (zhengdun 2419 7319) them, and to... (substituting "rectifying" for "consolidating" and supplying vernacular and standard telegraphic code.)

East Region

Fujian Governor Chairs Meeting on Prices
OW2909154788 Fuzhou FUJIAN RIBAO in Chinese
14 Sep 88 p 1

[By FUJIAN RIBAO reporter Chen Jianfu]

[Text] Governor Wang Zhaoguo presided over the 58th executive meeting of the provincial government on the afternoon of 12 September to study the important speeches by Comrades Deng Xiaoping and Zhao Ziyang, and to study and discuss the State Council's documents on stabilizing commodity prices, the market, and the finance.

After reviewing the implementation of the State Council's documents in Fujian over the recent months, the meeting participants pointed out: Although the series of measures taken by the provincial government and its various departments have already yielded fruitful results, destabilizing factors continue to exist in Fujian's economic development. Therefore, it is necessary to further emancipate the mind, seek truth from facts, and proceed everything from the reality in Fujian in order to achieve greater unity in thinking and understanding. All localities and departments should consider the overall interests and take concerted action to improve the economic environment for ensuring a coordinated, stable, and sustained development of Fujian's economy. The meeting stressed: It is necessary to earnestly implement the State Council's emergency circular on stabilizing commodity prices and the market, and stop launching any pricing reform measure in Fujian in the remainder of this year. All prefectures, cities, and departments should not indiscriminately hike prices. Price readjustment for next year should be carried out according to unified arrangements of the Party Central Committee and the State Council. It is necessary to unfold a province-wide pricing inspection and severely punish people who drive up prices indiscriminately. It is also necessary to step up supervision over the commodities whose prices are now decontrolled, and to duly handle violators according to the law. The circulation order should be rectified. The meeting reiterated that party and government organizations should not set up enterprises, and that corporations with government connections should be straightened out. Efforts should be made to strictly control the scale of investment and restrict the spending on nonproductive construction projects, especially administrative offices, auditoriums, and guesthouses. It is necessary to accelerate the completion and put into operations as soon as possible productive construction projects that can yield quick economic results. Institutional purchases should be strictly controlled. It is necessary to pay keen attention to agricultural and industrial production and foreign trade, and ensure market supply.

In conclusion, the meeting pointed out: All departments directly under the provincial government should strengthen discipline, perform duties with honesty, reinforce administrative discipline, take into account the overall situation, step up coordination, and do their job in a down-to-earth manner in the remaining 4 months of this year in order to guarantee a stable and wholesome economic development in Fujian.

Quanzhou Development Zone Attracts Taiwanese
HK3009113788 Beijing ZHONGGUO XINWEN SHE
in Chinese 0744 GMT 27 Sep 88

[Report by correspondent Li Jiancheng (2621 1696 2052): "Business Begins To Develop As Hostility Comes to an End—a Tour of Quanzhou's 'Small Triangular Development Zone Open to Taiwan'"]

[Text] Quanzhou, 27 Sep (ZHONGGUO XINWEN SHE)—Gentle breezes blow across the Taiwan Strait under the luminous moon. A "small triangular development zone open to Taiwan" is now coming into existence between Quanzhou Bay, Shenhui Bay, and Anhai Bay, which in the past were frontier areas shrouded in gunpowder smoke, attracting more and more Taiwan businessmen.

Taiwan Businessmen Think of the "Small Triangular Zone" As Promising [subhead]

Quanzhou's "small triangular development zone open to Taiwan" covers Huian's Chongwu; Licheng District's Donghai; Jinjiang County's Weitou Peninsula, Anhai, and Dongshi; Nanan's Shuitou and Shijing; and the newly founded Shishi City. Situated west of the Taiwan Strait, these places are the major hometowns of most Taiwan compatriots. Of the 10,000 Taiwan compatriots who have made family visits to Quanzhou since the beginning of this year, over 1,400 have requested business talks and suggested that they want to invest money in Quanzhou. Many of them have shown interest in this "small triangular development zone."

"Who does not have a longing for his hometown?" asked a Taiwan businessman of this reporter. He thinks of the "small triangular zone" as promising primarily because of geographical factors: Taiwan is just across the strait, the people in the two places speak similar languages and observe similar customs, and the climatic conditions are good. Second, there are also emotional factors: One can bring honor to one's ancestors and benefit one's fellow townsmen by investing money and building factories in one's hometown.

Enthusiasm for Port Construction Alongside Scars From Artillery Shells [subhead]

Quanzhou's 430 km coastline contains 22 major and minor ports. In the past, boats and ships had shuttled busily back and forth between Quanzhou and Taiwan. In the past, due to artificially imposed fences, these ports,

situated in the frontline of coastal defense, could not be developed. Today, however, moving scenes of "building the ports properly to welcome Taiwan businessmen" can be seen everywhere.

In Weitou Peninsula, which lies so close to Jinmen that "the cocks crowing and dogs barking are within each other's hearing," countless scars left by artillery shells during the 23 August artillery engagement many years ago can still be seen. Now, preparations are being made for the construction of a 1,000-ton class wharf with funds raised by both Overseas Chinese and the local government.

Gudutou, a ferry port on the Han Jiang with a ferry service to Taiwan's Lugang dating back 200 years, is also being renovated.

Quanzhou's Houzhu port, an ancient port which flourished for several hundred years, was once turned into a strictly guarded military port. Today, with the construction of two 500-ton, two 3,000-ton, and one 5,000-ton class wharves, the port has recovered its former splendor.

Chongwu port, Dongshi port, Anhai port, Shijing port, Xiangyi port, and Yongning port are also being built, forming a port cluster opening up to Taiwan.

Plant Chinese Parasol Trees To Attract Phoenixes [sub-head]

In Quanzhou's "small triangular development zone open to Taiwan," "Taiwan trade areas," "processing areas open to Taiwan," "Taiwan streets," and "small commodity markets open to Taiwan" have sprung up like mushrooms. In Chongwu, funds are being raised to build a "small commodity market catering to Taiwan trade." It covers an area of more than 4,000 square meters and is scheduled to have 140 shops. In Qianan, an area of 1 square km has been designated as a processing area for Taiwan products, and along both sides of the highway a "Taiwan street" is being built. Jinjiang County plans to build a processing area covering 4 square km at Yingcuotou, Weitou Peninsula. The construction of two processing areas in Anhai and Dongshi has started and quite a few Taiwan businessmen are setting up factories there. For example, a businessman from Taiwan has set up "Donglun Weaving Enterprises, Ltd." at Dongshi processing area. Shishi's Xiangyi waterfront processing area, Yongning processing area, and the No 5 processing area have also attracted many Taiwan investors.

According to Zheng Zongjie, who was recently appointed Quanzhou vice mayor, in Quanzhou there are several dozen enterprises operated with Taiwan capital, and letters of intention have been signed for over 120 other items.

Jiangxi Cuts Down on Capital Construction

OW2909095588 Beijing XINHUA in English
0830 GMT 29 Sep 88

[Text] Beijing, September 29 (XINHUA)—The Jiangxi provincial government has taken steps to control the rate of growth of capital construction, the "PEOPLE'S DAILY" reported today.

The government has prohibited the building of new hotels and museums in the province for the next three years. All except a few projects nearing completion which are currently being built are to be suspended, the paper reported.

Although the scale of capital construction will be reduced, major projects such as power plants, coal mines, highways and bridges will still continue.

Some of the province's museums are to be converted into accommodation for teachers or into teaching buildings. There are too many museums in the province, which used to be a revolutionary base before New China was founded in 1949, the paper wrote.

The provincial government has also banned purchases of luxury consumer goods including color TV sets, refrigerators, stereo systems, sofas, carpets and furniture by institutions and enterprises, according to the paper.

The paper wrote that the province's GNP grew by an annual average rate of 8.2 percent over the past decade, but there are still some obstacles in the way of the province's economic development.

The outstanding problem is inflation, the paper reported, adding that in the first eight months of this year, retail prices grew by 18.1 percent compared with the same period last year.

Shanghai Foreign Investment Projects Double

OW2909013288 Beijing XINHUA in English
1531 GMT 28 Sep 88

[Text] Hong Kong, September 28 (XINHUA)—The Shanghai municipal government approved 201 projects involving foreign investment in the first half of this year, double that in the same period last year, a Shanghai official said here today.

Speaking at a seminar on Shanghai's science and technology and trade, Lu Guoxian, deputy director of the Municipal Commission of Foreign Economic Relations and Trade, said that Shanghai is making great efforts to attract foreign investment in the following areas:

—Construction of infrastructure including an airport, communications, telecommunications and housing;

—Implementation of the existing regulations concerning foreign economic relations and trade and working out 61 sets of regulations governing foreign investment in the years to come;

—Protecting decisionmaking powers of foreign-funded enterprises and allowing foreign investors to run enterprises according to internationally-accepted practices; and

—Raising efficiency and reducing bureaucracy, including establishment of the "Shanghai foreign investment commission."

The commission has the right to approve foreign investment projects ranging between 5-30 million U.S. dollars and is responsible for coordinating and solving major problems of foreign-funded enterprises. It also grants districts, counties and bureaus under the municipal government the power to approve projects involving up to five million U.S. dollars in investment.

Lu said that Shanghai approved 338 foreign-funded enterprises in the first half of this year, involving 1.93 Billion U.S. dollars. Of these, 165 have gone into operation, 155 are under construction and seven have come to the end of operation period. Only 11 contracts have been cancelled for various reasons.

Central-South Region

Hubei Takes Steps To Protect Forest Area

OW2909113788 Beijing XINHUA in English
0937 GMT 29 Sep 88

[Text] Wuhan, September 29 (XINHUA)—Central China's Hubei Province has adopted a series of measures to protect the Shennongjia forest area in the northwest of the province, local officials told XINHUA.

The measures include the reduction in the amount of the wood cut from the present quota of 68,000 cubic meters to 48,000 cubic meters next year, straightening out the administrative system in the area and improving the protection of resources and the forest ecology.

China has already obtained 1.3 million cubic meters of commodity timber from the forest.

Meanwhile, the forest will be put under the unified administration of the local people's government instead of being governed by three different administrative organizations. The provincial forestry bureau will give guidance and exercise supervision over the work of the forest area government.

Over 3,000 meters above sea level, the forest is called the "Kingdom of Plants," for it has more than 1,000 kinds of trees, as well as 1,700 kinds of medicinal plants.

The 3,000 sq km area also contains 570 varieties of animals, including 20 rare species under state protection.

For instance, the forest is home to about 1,000 golden-haired monkeys, the largest group of such monkeys in China.

Measures will also be taken to stop indiscriminate hunting of animals in the area, local officials said.

Hainan Holds First National Day Reception

HK3009045588 Haikou Hainan Provincial Service
in Mandarin 0400 GMT 30 Sep 88

[Excerpts] The foreign affairs office of the provincial government held a reception last night to celebrate the first National Day since the establishment of Hainan Province. [passage omitted] Responsible persons of the provincial party committee and government Liu Jianfeng, Li Zhimin, Meng Qingping, and Xin Yejiang attended. Also present were Cao Wenhua, vice chairman of the provincial People's Congress Standing Committee; Zhang Jintao and Zhou Song, vice chairmen of the provincial CPPCC; Major General Liu Guinan, political commissar of Hainan Military District; Senior Captain Zhang Sufa, deputy commander of the air force units of the South Sea Fleet; Rear Admiral Liu Weidong, political commissar of a certain naval unit; Li Jingyun, mayor of Haikou; and people of all sectors in Hainan, totalling 150 persons.

Vice Governor Meng Qingping delivered a speech. On behalf of the provincial government and the people of various nationalities, he extended warm welcome and sincere thanks to those present and to experts and friends from various countries and from Hong Kong and Macao who are taking part in construction in Hainan.

He said that under the impetus of establishing the province and setting up the large special economic zone, Hainan has scored new success in economic and social development. From January to August this year, total industrial output value was 1,296 million yuan, a rise of 10.3 percent over the same period last year. Total imports through customs this year are \$145 million, a rise of 22 percent over the same period last year; total exports amount to \$47.97 million, a rise of 97 percent; and financial revenue is 240 million yuan, a rise of 19.7 percent. [passage omitted]

Meng Qingping said that Hainan will continue to develop friendly ties with cooperators of all countries on the basis of equality and mutual benefit. It will step up economic and technological cooperation and economic, technological, and cultural exchanges, and strive for common prosperity.

Guangdong Plans Large Thermal Power Plant
HK2909064588 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 28 Sep 88

[Text] The departments concerned in our province are planning to build a large thermal power station in Taishan county.

A pre-feasibility study report for the project has been approved by experts. According to the parties concerned in Taishan county, the proposed power station is a key project invested in by the state for energy development and is the largest thermal power station our province is going to build.

The designed installing capacity of the station is 4.8 million kilowatts. It is planned that the first-phase project will be commissioned by 1994. When completed, the project will become a backbone thermal power station for the Guangdong provincial power supply network, which will play a major role in supplying power to eastern, western and central Guangdong.

Guangdong Notice on Enterprise Armed Forces Work
HK3009022788 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 29 Sep 88

[Text] The provincial government and Military District recently issued a joint circular calling on all localities to step up the building of the armed forces departments in enterprises while carrying out urban structural reforms. The circular reiterated that reforms of the armed forces setup are decided on by the Central Military Commission. While carrying out enterprise structural reform, no unit is allowed to arbitrarily abolish or amalgamate factory, mine, enterprise, or unit armed forces departments without permission from the upper-level military organ. Units that have already abolished or amalgamated grass-roots armed forces organs must restore them and put them on a sound basis as soon as possible, to ensure that militia, reserve service, and military service work is firmed up at the grass roots.

Southwest Region

Lhasa Masses Prepare To Celebrate National Day
HK2909144288 Lhasa Tibet Regional Service in Mandarin 1130 GMT 29 Sep 88

[“Report by service reporter (Le Shulin)”]

[Text] Over the past few days, major organizations and masses in Lhasa's urban areas have taken an active part in doing a thorough cleaning, and vying for nonstaple food to make preparations for the National Day celebrations in a joyous atmosphere. Since 24 September, major organizations, schools, shops, mines, enterprises, and institutes in Lhasa have regarded sanitation and hygiene as part of their routine. Many units have implemented the system of contracted responsibility regarding sanitation and hygiene. People will be criticized if their area of

contracted responsibility is found to be untidy. Some units have wiped their glass windows spotlessly clean, and their flowers and fruit trees have been trimmed neatly, so that they may celebrate the National Day in a clean environment.

Recently, the Lhasa Bureau for Environmental Sanitation has organized a large number of workers to sweep the streets and to get rid of trash. Many sanitation workers started working at dawn and would not stop working until late in the evening. With the exception of a few streets under repair, all streets in the city have been swept clean. Some of the residents have hung amulets symbolizing good luck on their doors, and are ready to celebrate the National Day happily.

In major stores and free markets, the turnover has increased markedly over the past few days. A store manager told this reporter that although the regional authorities have managed to transport many goods and materials to Tibet on the eve of the festival, many commodities are still in short supply. Good-quality cigarettes and wine were sold out in just 2 days after they were displayed in the showcases.

In order to let the Lhasa masses fully enjoy their holiday, Lhasa Public Security Bureau and Armed Police are ready to fight against the sabotage and trouble-making of a small handful of separatist activists and all kinds of criminals. A responsible person told this reporter that the maintenance of the motherland's unification and strengthening nationality solidarity has been our persistent principle. Should anyone take advantage of the festival to start trouble, to strive for splittism, and to sabotage stability and unity, we are sure to crack down on them, and will show no leniency toward them.

Tibet Radio Commentator Views National Day
HK2909153888 Lhasa Tibet Regional Service in Mandarin 1130 GMT 29 Sep 88

[Commentator's article: “Maintaining Stability and Unity, Celebrating National Day”]

[Text] The 39th anniversary of the founding of the great PRC is soon approaching. The people are happily marking their own festival. At present, a strong and joyous atmosphere shrouds the Tibetan plateau. To guarantee that people of all nationalities celebrate National Day, various departments under the region's party and government, and all professions and trades, have made meticulous arrangements for everything in celebrating National Day. Commercial departments have purchased, allocated, and transported goods and materials for the festival through various channels. Many items of nonstaple food, articles of everyday use, and some middle- and high-grade commodities have been put, or are being put, into the markets in the region. There is a great

variety of commodities which are marketable and substantial. Price and taxation departments have conducted price examination on several occasions on the eve of the festival, and have adopted a series of measures to stabilize prices. To guarantee security during the festival season, public security departments have also adopted some measures to strengthen social order, while severely cracking down on criminals and lawbreakers in accordance with the law. Cultural organizations have rehearsed a number of song and dance numbers to be performed on stage during the festival to enrich the spiritual and cultural life of the masses on National Day. The masses are thoroughly cleaning their homes and are buying nonstaple food for the festival in addition to other articles of everyday use.

In short, viewed from the present conditions the region's political situation and social atmosphere are fine. Supplies are ample for the festival, prices are stable, and people are in a joyous mood. To maintain stability and unity, and to mark the National Day in a joyous atmosphere, is the common wish of the Tibetan people. The Central Committee has always shown great concern for the region's people. To maintain social stability, to safeguard the great unity of all nationalities, to maintain the unification of the motherland, and to guarantee that the Tibetan people happily celebrate National Day this year safe and sound are the requirements of the Central Committee and the common wish of the people of all nationalities in the region. A popular Chinese saying goes: In peace, we think of danger; where there is precaution, there is no danger. Historical experiences are instructional; at the same time we should learn from historical lessons. There is no question that the Tibetan people did not have a good time on National Day in 1987. Therefore if people are worried about something that may happen on the coming National Day that is understandable, and it is not from groundless fear. This is precisely the expression of the elevation of people's consciousness and vigilance in the region. However, we can put it frankly that the government has the responsibility to maintain social order and for the unification of the motherland. Should anything similar to the happenings on last year's National Day be repeated this year, our answer will be: We will firmly crack down on splittists, troublemakers, killers, robbers, and other criminals and will never show leniency toward them. We are alerted to fight against them at any time. If any diehards should want to hit their heads on the pillar of the people's democratic dictatorship, they are doomed to extinction.

'Lhasa Counterrevolutionary' Arrested in Tibet
*HK2909154888 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 29 Sep 88*

[Text] According to TIBET RIBAO, Lhasa Public Security Bureau, on the morning of 28 September, held a mass meeting at the (central) [zhong xin] branch to arrest a Lhasa counterrevolutionary according to law.

The counterrevolutionary, former secretary of the security section in the (central) branch, aged 32, wrote reactionary slogans and letters during many occasions in February and March this year, while he was on duty or patrol. He posted the slogans and mailed the letters everywhere. The offender has violated PRC Criminal Law. With the approval of the Lhasa Procuratorate, Lhasa Public Security Bureau held a meeting at the Lhasa (central) branch to arrest him according to law. At the meeting Kang Yuquan, deputy director of Lhasa Public Security Bureau and Zhang Dekui, head of the Lhasa (central) branch, delivered speeches calling on the broad ranks of cadres and staff members in the (central) branch to: Realize the sharp struggle between splittism and anti-splittism; heighten their vigilance; safeguard the unity of the motherland with a firm and clear-cut stand; strengthen nationality unity; and to stand in the forefront of the antisplittist struggle.

'Massive Show of Force' by Authorities in Tibet
*HK3009050988 Hong Kong SOUTH CHINA
MORNING POST in English 30 Sep 88 p 11*

[By David Watts]

[Text] Threats of execution and the sight of a drab convoy of shackled prisoners are being used by the authorities in Lhasa to terrify any Tibetans planning to repeat last year's nationalist demonstrations.

But the Tibetans refuse to be cowed by a massive show of force, according to a Briton who watched a cargo of 30 prisoners being unloaded from lorries near the capital's post office on Tuesday [27 September].

They were harangued for about half-an-hour, "convicted" of such offences as theft and then packed into the 12 trucks again for another parade around the city before being taken to prison.

The authorities anticipated a repeat of the unrest, which preceded China's National Day last October 1, by calling up strong reinforcements for local security forces in the hours before this show of force.

The Briton who watched the prisoners being unloaded from the trucks and handcuffed near the Dekyi Shar Lam, the city's main street, said: "It was an impressive display of power and was clearly designed to intimidate the population. I can't talk long. I'm being listened to," he said on the telephone from the Tibetan capital.

The public humiliation of the prisoners, which came after a curfew on Monday evening, was the most public of warnings directed at those who might want to repeat last year's demonstrations. During those protests thousands showed their hatred of domination by Beijing, and at least six died.

But there was no repressing the Tibetans on Wednesday, exactly a year after the first day of unrest. Twelve monks, in civilian dress so that they might melt quickly into the crowd in the event of trouble, came out to parade around the Jokhang, Tibet's principal monastery.

Ostensibly in prayer, they managed to make one circuit of the monastery, carrying a picture of the Tibetan leader, the Dalai Lama, and a card-board representation of the banned Tibetan flag, before security forces rushed in to break up their gesture.

It is not clear whether tear-gas or bullets were used, although three shots were fired. All the monks appeared to escape, but at least one youth of 16 was arrested when enraged Tibetans started hurling stones and abuse.

The Chinese are afraid that a much larger protest will develop tomorrow, the anniversary of the killings.

To forestall that, Chinese officials moved into a number of the leading monasteries around Lhasa in late August and early this month, hoping to extinguish the demonstrations at source. According to one recent visitor to Lhasa, when one Chinese official was asked why he was in a monastery he replied: "Because October is coming".

These officials are said to be holding regular compulsory meetings with monks, demanding confessions for last year's demonstrations, and threatening holy men with expulsion from monasteries, imprisonment or execution.

Another ploy to minimise the potential for trouble was said to have been discussed at a meeting early this month of the Tibet autonomous region authorities. It was proposed that monks and nuns without Lhasa residence cards be sent back to their villages.

The Lhasa crackdown followed a Chinese offer to the Dalai Lama, who lives in exile in India, to meet for discussions at a venue of his choice.

This appears to have been an attempt to buy off further protest, since Beijing has already rejected his latest outline for negotiation, as put to the European parliament at Strasbourg in June.

In his address the Tibetan leader said that the mountain kingdom should become a "self-governing democratic political entity ... in association with the People's Republic of China." To the Chinese that is shorthand for independence, something Beijing cannot countenance.

Tibetans are being made increasingly desperate by their economic conditions, for they have to compete with more and more ethnic Han Chinese, who are offered cash and tax incentives to move into their country.

One adviser to the Tibetan Government, Mr Michael van Walt, maintains this policy could lead to "cultural genocide" in five years.

North Region

Beijing Authorities Step Up Anticorruption Efforts *OW2909004688 Beijing XINHUA in English 1316 GMT 28 Sep 88*

[Text] Beijing, September 28 (XINHUA)—Beijing authorities are stepping up their fight against bribery and corruption by making public for the first time regulations governing the punishment of administrators, which was formerly a tightly-kept secret.

Leading the battle against corruption is the Huangchenggen neighborhood administration of industry and commerce, in the city's East District, which is in charge of one of the largest free markets in the capital.

The neighborhood administration has done so well in its fight against administrative misdeeds that the municipal government has decided to extend its policy of openness and responsibility throughout the city, beginning next month.

The administration set up a show window in front of its office building to make public pictures and names of local license issuers, tax collectors and other administrators, as well as a series of documents outlining the work and discipline requirements of the administrators and the punishment that can be levied against them if found guilty of misdeeds.

A continuous stream of visitors has been to the glass-fronted billboard since it was set up one month ago, and visitors can be seen taking notes and discussing the information with each other.

"It is today that I have more of a fuller understanding of all the detailed policy about private business, though I have been engaged in private business for many years," said a middle-aged man bearing a business badge.

His view was shared by an old man selling fish at the market. "Previously administrators at the market usually took more than 30 fish from me every day without any payment. But nobody has done so since the show window was set up a month ago, he said."

Zhao Meiqi, head of the administration, described the establishment of the show window as one of the measures taken to subject his colleagues to public supervision and keep them from accepting bribes or committing extortion.

"In the past," Zhao said, "we had many good rules and regulations but we locked them away in drawers. This makes a mystery of our work he added. [quotation marks as received]

"I felt an invisible pressure after the punishment regulations were put out and I have to be careful and restrain myself from any violation," said an administrator who declined to give his name.

The East City District government has spread the example set by Huangchenggen to nine departments dealing with such affairs as Household Registration, Pricing, Transportation and Public Security.

These departments were more vulnerable to corruption because of their practical power over personnel, finance and materials, said Li Yunwu, head of the district government.

Li said that publication of administrative regulations "is only part of our efforts to make our government cleaner. We have also set up a center to receive complaints and accusations from all residents—including foreigners," he said.

Beijing Military Region Restricts Spending
OW2909131988 Beijing XINHUA Domestic Service
in Chinese 0659 GMT 28 Sep 88

[By correspondent Li Jianhui and reporter Zhao Su]

[Excerpts] Beijing, 28 Sep (XINHUA)—Upholding the overall interests of reform, the Beijing Military Region has taken measures to restrict spending on budgeted expenditures. According to statistics, in the first 8 months of this year the Military Region stopped or postponed the construction of 70 capital construction projects and 48 projects for daily necessities, and canceled plans to purchase 49 sedans and 299 video recorders, TV sets, cameras, copying machines, air conditioners, and high-quality rugs, which are commodities under special control, thereby cutting the expenditures by over 20 million yuan.

According to a briefing by the relevant department, the Beijing Military Region is able to successively restrict the spending primarily because the leaders have paid attention to and taken effective measures on this matter. [passage omitted]

While restricting the spending on budgeted expenses, the Military Region has also stepped up management and supervision of the spending of income from production by each unit, and conducted an inspection of the accounts of all productive undertakings in order to stop the practice of setting up unauthorized "treasury" to spend the income and divert production funds for consumption. A number of capital constructions projects that were carried out with funds raised by each unit have also been stopped or postponed.

Xing Chongzhi, Officials Visit Hebei Teachers
SK3009005688 Shijiazhuang HEBEI RIBAO
in Chinese 10 Sep 88 p 1

[Text] The leading personnel of the provincial party committee, the provincial People's Congress Standing Committee, the provincial people's government, and the provincial CPPCC Committee, respectively, went to a number of schools in the province's capital to extend greetings to teachers on the occasion of Teacher's Day.

On the morning of 9 September, Comrades Xing Chongzhi, Chen Yujie, and Huang Feng visited the home of Zhang Hengshou, professor of Hebei Teacher's College. When Professor Zhang appeared at the door to greet them, Xing Chongzhi said: "We are here today to wish you a happy Teacher's Day first and second to solicit opinions from you." Upon hearing that Professor Zhang had not been able to publish his monograph outside the province for a long time due to lack of funds, Xing Chongzhi stated: "We will take it back with us and have it published with our own subsidies." During their visit to the home of Professor Xu Chunsheng, while talking about the shortage of educational funds, Xing Chongzhi said that educational funds increase each year but the increased portion had been offset by the gradual increase in need in the educational field and the factor of price hikes. This problem must be dealt with. Xu Chunsheng stated: "The speed of educational development and the standard of running schools are decided by political and economic factors. It is impossible for the state to appropriate much more funds for education in conducting economic construction." Xing Chongzhi interrupted the talk and said: "You are right. Without production increase, it is impossible for the state to have much economic input. At present, we should extensively open fund avenues for education, such as adequately increasing additional taxes for education, having schools render compensatory services, and raising funds from the society."

During their visit to the Hebei Economic Personnel Affairs College, Comrades Yue Qifeng and Ma Xinyun visited the teacher's dormitory and held a forum with the teachers on the province's situation in economic development. [passage omitted]

After leaving the Hebei Provincial Communications School, Comrades Guo Zhi and Wang Zuwu went to the Second Shijiazhuang City Vocational Middle School in which they viewed every classroom and laboratory; learned about the situation in teachers' work, livelihood, and wages; and encouraged the school to make use of its intelligence and technical strong point to do a good job in conducting the work-study program to increase incomes and to upgrade the salaries of teachers.

On the afternoon of 9 September, Comrade Li Wenshan and Liu Ronghui who just returned to Shijiazhuang from Beijing Municipality hurriedly went to the First Shijiazhuang City Vocational Middle School to extend greetings on the occasion of Teacher's Day. [passage omitted]

Hebei Officials Attend Closing of Trade Congress
SK3009010288 Shijiazhuang HEBEI RIBAO
in Chinese 7 Sep 88 p 1

[Excerpt] After completely fulfilling its tasks, the seventh Hebei provincial trade union congress, which lasted for 6 days, concluded in the city of Shijiazhuang on the afternoon of 6 September. Attending the congress to extend congratulations on the occasion were leading comrades from the provincial party committee, the provincial People's Congress Standing Committee, the provincial people's government, and the provincial CPPCC Committee, including Xing Chongzhi, Yue Qifeng, Lu Chuanzan, Guo Zhi, Chen Yujie, and Wang Shusen.

The last session of the congress opened at 1530 that day, at which the delegates approved the "resolution" on the work report made by the sixth provincial trade union committee. It was contended at the congress that since the 6th provincial trade union congress, the working class and the broad masses of trade union cadres throughout the province had played an important role in building socialist spiritual and material civilizations thanks to earnestly implementing the party's line of worker movement and the 10 key principles of All-China Federation of Trade Unions. Our province has pioneered the road of advance while conducting reforms in the worker movement and trade union work and brought about a gratifying situation in this regard. The congress called the broad masses of staff members, workers, and personnel in charge of the trade union work to be further galvanized into action to develop the glorious tradition fostered by the Hebei's working class. Efforts should be made to foster the will of making the province prosperous; to perform the duty of being the country's masters; and to strive to win the victory of the crucial reform period, to accelerate the pace of the province's economic construction, and to build China into a rich, strong, democratic, civilized, and modern socialist country. Then, the congress adopted the "resolution" on the financial work report made by the sixth provincial trade union committee and the "resolution" on the work report made by the fund examination committee under the sixth provincial trade union committee with regard to the fund examination.

During the closing ceremony of the congress, Li Yingyi, newly elected vice chairman of the Hebei Provincial Trade Union Council, delivered a closing speech, in which he stated: Thanks to the earnest work done by all delegates and the smooth handling of its agenda's items, the congress has been turned into a meeting of reform, democracy, and unity. [passage omitted]

Namelist of Inner Mongolian Appointments
SK2909063988 Hohhot NEIMENGGU RIBAO in
Chinese 11 Sep 88 p 1

[Text] Decision on namelists of personnel appointments made by the Standing Committee of the Inner Mongolia

Regional People's Congress was adopted at the second Standing Committee of the seventh regional People's Congress on 10 September 1988.

Decision on appointment: Hexigetü [6320 1585 2706 0956] was appointed chairman of the regional physical culture and sports commission; Wuertudalai [3527 1422 0956 6671 0171], director of the regional commercial department; Wu Guozhong [0702 0948 1813], director of the regional labor and personnel department; Li Quanxi [2621 0356 0823], director of the regional culture department; Han Wengui [7281 2429 6311], director of the regional supervisory department; Zhou Weide [0719 4850 1795], director of the regional statistical bureau; Ha Si [0761 2448], director of the regional judicial department; Liu Zhen [0491 3791], secretary general of the regional people's government; Chang Wanfu [1603 8001 1381], director of the regional department of foreign economic relations and trade; Zhang Xichun [1728 1585 2504], director of the regional petrochemical industrial department; Zhang Jianmin [1728 0256 3046], director of the regional light industrial department; Zhang Qisheng [1728 0796 3932], director of the regional metallurgical and machinery industrial department; Bao Yintu [1405 7299 0956], chairman of the regional agricultural committee; Tao Hongxin [7118 1347 0207], director of the regional supply bureau; Yang Zizhen [2799 4793 3791], chairman of the regional family planning commission; Zhulanqiqike [3796 5695 0366 0366 2688], director of the regional radio and television department; Wang Guosheng [3769 0948 4141], director of the regional auditing bureau; Duan Yong [3008 0516], director of the regional standardized weights and measures bureau; and Xiaowang [0491 0879 2489], director of the regional civil administration department.

Appointment: Yang Zhenming [2799 2182 6900] was appointed vice chairman of the legislative affairs commission under the regional People's Congress Standing Committee; Eerdunzhabu [7345 1422 2415 2089 1580], vice chairman of the nationalities affairs committee of the regional People's Congress Standing Committee; Zhang Jie, vice president of the regional Higher People's Court and member of the judicial committee; and Zhao-rigetü [3564 2480 2706 0956], deputy chief procurator of the regional People's Procuratorate.

Inner Mongolia CPPCC Meeting Opens 10 Sep
SK3009235888 Hohhot NEIMENGGU RIBAO in
Chinese 11 Sep 88 p 1

[Text] The second Standing Committee meeting of the sixth regional CPPCC Committee opened on the morning of 10 September.

Wang Chongren, vice chairman of the regional CPPCC Committee, presided over the meeting.

The items on the agenda of the meeting and the meeting schedule were adopted at the meeting. Shi Shengrong, chairman of the regional CPPCC Committee, made a speech at the meeting. He said: At this meeting, we should study Comrade Zhao Ziyang's speech on "Gradually Setting Up a New Order of Socialist Commodity Economy." He urged that in the course of study and discussions, participants should closely proceed from reality, constantly persist in the fundamental standards for productive forces, fully estimate and affirm the gigantic achievements in reform gained over the past 10 years, and analyze, in line with the principle of seeking truth from facts, the current existing problems. Through study, we should further upgrade our understanding, seek unity of thinking, enhance our confidence in overcoming difficulties and jointly tiding over the difficulties in reform, and make contributions to reform, "tackling problems," and rejuvenating Inner Mongolia.

Participants heard the introduction of price and wage reforms made by Yun Zhaoguang, vice chairman of the regional CPPCC Committee.

Attending the meeting were vice chairmen of the regional CPPCC Committee, including Wu Ligeng, Han Ming, Li Xhuyuan, Chen Jie, Tu Ke, Lan Ganfu, Yun Shufen, Qi Zhongyi, Wu Lan, and Zhang Shunzhen.

Kong Fei, member of the Standing Committee of the National CPPCC Committee, attended the meeting.

Attending the meeting as observers were responsible comrades of the CPPCC committees of all leagues, cities, Erenhot City, Manzhouli City, and 21 banners and counties (cities and districts).

Li Ruihuan Holds Talk With Tianjin Citizens
SK2909000188 Tianjin TIANJIN RIBAO in Chinese
6 Sep 88 pp 1, 2

[Speech by Li Ruihuan, member of the Political Bureau of the CPC Central Committee, secretary of the Tianjin Municipal CPC Committee and mayor of Tianjin Municipality, given at the end of his talk with the people of the new Wangdingdi residential area of Nankai District on 5 September]

[Text] Fellow representatives, today you have given many valuable opinions and much pertinent criticism. Let's see if anyone has more to say.... Now we do not have much time left. If you have more opinions, you may give them at some other time because this afternoon I am going to greet President Husak. I have talked a great deal just now. In conclusion, I will speak on three opinions:

As This Is a Heart-to-Heart Talk, Let Me Also Speak on What Is on My Mind [subhead]

The first thing is that you have given very good opinions today. Many of them are positive and realistic, and are indeed problems that should be solved. We, the municipal government, should be held responsible for our failure to conscientiously solve these problems in a timely manner, thus bringing many inconveniences and difficulties to the people's everyday life. We first welcome and accept the opinions given by you, comrades, and guarantee that we will earnestly make corrections. Then we will say thanks to the people for their assistance, understanding, and support. Meanwhile, we will avail ourselves of this opportunity to conduct self-criticism. We have not done this enough. There is a great amount of work that we should have performed. As mayor, I will conduct self-criticism on behalf of the municipal government.

The second thing is that at today's talk many problems, totaling about 20, have been mentioned. Decisions have been made concerning some of these problems immediately after being mentioned. For example, the problem concerning sewage should be solved in 3 days, the grain store should be opened before 20 September, and clear decisions have been made on public lavatories. All problems should be solved in line with the decisions made today, and no buck-passing is allowed. The opinions raised at today's talk may not necessarily be comprehensive, and the number of representatives is also small. There may be problems that have not been mentioned. However, this does not matter as long as we have the spirit to serve the people wholeheartedly, and proceed in doing everything to resolve the masses' difficulties. With a responsible spirit and with leading cadres taking the lead, all pertinent departments, first of all the construction commission and then the commercial commission and the various relevant bureaus, should earnestly and immediately solve all the problems they need to solve for the masses. Nankai District should also take the lead in doing so. There are many small residential areas which have done a very good job, accumulated experiences, and established rules. We should not neglect the problems existing in this area, nor should we pass the buck. How can a chimney be clogged? Serious accidents will happen in winter. A month later, the municipal government will send personnel to check how this problem has been solved. Perhaps it will also send some people to check with you representatives who are present today to hear your opinions, and see if the problem has been solved. This does not mean that we do not trust you (meaning the leading persons of the various relevant departments who are present). At present our cadres are indeed dilatory, and fail to overcome this defect even if they intend to. What we mean is that we should earnestly carry out all the decisions we have already made, study with an active attitude those we have not made, and take the initiative in looking for the problems that have not been raised.

The third thing that comes to my mind after hearing what you have said is that many of the residents in the Wangdingdi area have moved here because of our urban

construction. Due to our construction of the Nanshi food street, the hotel street, and the garment street, many people had to have their houses dismantled and had to move here. They have made contributions to our urban construction, and shown understanding of our failure to solve, in a timely manner, the problems that should have been solved long ago. This fully proves that the masses of people of Tianjin Municipality have had the cardinal principles in mind and taken the overall situation into account. The opinions you have given today are also very objective and show understanding of the difficulties of the government. Therefore, I am very happy to hear your speeches.

As this is a heart-to-heart talk, let me also speak about what is on my mind. You have many difficulties, and we should resolve them. However, to be honest, things are very hard for us, too.

The Government Must Adopt Ways and Means To Stabilize Markets [subhead]

We have many difficulties and a large number of our projects and plans have not been fulfilled. However, we are very fortunate that the common people throughout the municipality are well able to understand our difficulties. For example, the country as a whole experienced the worst panic buying during the recent period. The people in many cities engaged in panic buying and rushed to withdraw their money from the banks for this purpose; commodities in many stores were totally sold out. During this period the municipality also experienced such panic buying for a short time, making Comrade Li Changxing terribly busy handling problems in this regard throughout the municipality. However, compared with others, Tianjin's common people acted very well during the period. At the recent central conference, the participating comrades contended that there was less panic buying in Tianjin than in other places and Comrades Ziyang and Li Peng stated: Tianjin Municipality was slower than others in encountering panic buying and faster in putting it down. In particular, markets became stable after the municipal party committee guideline was relayed. Was my speech at the meeting relayed to the masses? (The representatives answered that yes, it was.) This fully proves that the common people throughout the municipality took the whole situation into account. We have many difficulties in this regard. For example, we feel sorry if we do not allow people to rush to buy commodities, people who try to earn lots of money through this action to maintain their cash value and to prevent their currency devaluing. Meanwhile, the common people will ultimately suffer losses if we allow them to rush to buy commodities because commodity prices can become higher during panic buying. After the recent market restoration, the common people may discover that many commodities which were bought during the panic buying period are of poor quality, such as electric fans without a blade, refrigerators with no cold air, television sets without picture, and washing machines that don't turn. At present, we stress that all subquality

commodities bought during the period should be repaired and that what cannot be repaired should be replaced because the common people do not easily get an opportunity to earn money. At present, there are still some people who are rushing to buy famous Chinese brand name commodities, such as Beijing-brand television sets, Kenai-brand refrigerators, and washing machines. I made a phone call yesterday evening to Comrade Zhang Lichang and told him that every citizen in the municipality should be at ease because the municipal People's Government will make all-out efforts to bring commodity prices under control so that the municipality will not experience extreme large-scale price hikes.

As a matter of principle, prices of all commodities turned out by the municipality will not be raised. However, the common people in the municipality are still not at ease. What can we do about it? Through consultations with Comrade Zhang Lichang yesterday evening, we contended that the following measure could be adopted to give an answer to the aforementioned question: All Tianjin natives who have family registration in the municipality may pay in advance, according to the market prices, for major commodities turned out by the municipality, such as Beijing-brand and Changcheng-brand color television sets, Kenai-brand and Haihe-brand refrigerators, and Xinpusen-brand washing machines. In line with the receipt of payment and the receipt date, all buyers can pick up their commodities by the given date and according to the plant's production situation. Therefore, all common people in the municipality should be at ease because they can buy any commodity at the current price at any time. We will publish the measure in the newspaper today so as to enable all people in the municipality to have peace of mind. First of all the municipal people's government will adopt ways and means to stabilize markets, commodity prices, the people's feeling, and even the situation. These are the four targets of the municipal party committee, targets that have also been acknowledged by the central authorities. We must be determined to stabilize the municipality's commodity prices. I wish to take this opportunity to vent our grievances concerning the existing difficulties because the masses of the municipality are not well aware of this. For example, prices of many commodities in the municipality have not been raised, the municipality's gas price is lower than that of Beijing Municipality, the price of milk is 2 fen while in other places they are 5 fen. As published in the newspaper, Tianjin Municipality has become an isolated island in which a bottle of milk costs only 1.6 jiao and the public bath house and barber shops cost several jiao, which are rare prices throughout the country. The common people do not know that the municipal authorities will also be criticized if they block price hikes. The newspaper said that places that have no price hikes are not well aware of the commodity economy, still stick to the closed economy, and will become isolated islands that will soon sink. Leading personnel of some units also encourage their subordinate personnel to raise their prices stealthily

in order to give staff members and workers more bonuses. We should not pay attention to the leading personnel who, together with their wives, criticize price hikes at their dinner tables, as considerations of price hikes for their products will be on their minds when they return to work. Therefore, it may be said that it is very difficult for us to bring commodity prices under control. At all costs, we still have to resolutely control the prices of goods. We can affirmatively say that ceaseless price hikes will not be conducive to the whole society's stability, to economic construction, and to the deepening of reform. Price hikes must not be equated with reform. We must try all measures to regard price control as a key task of the whole party and the whole people. Under the supervision of the masses, we should prevent inflation, further stabilize the overall situation, and provide a fine economic and social environment for our economic construction. Moreover, in order to take into consideration the people's feelings, to keep the people from feeling panic-stricken or not assured, and to guarantee the value of money by urgently buying commodities, we decided to market, in advance, television sets, refrigerators, and washing machines to the people according to the current market prices. In fact, the people impatient to buy commodities do not have much money, and the people with much money do not care about price hikes. With 100,000 or 80,000 yuan, I would not fear slight price hikes. Those who are impatient to buy commodities are not the people with little money. How can we be impatient to buy commodities if we have no money? So, it can be said that those who are impatient to buy commodities are the people who neither have a lot of money nor make money easily. The more difficult it is for people to make money, the more they care about price hikes and the more they become impatient to buy the commodities. A man bought six pairs of sharp-pointed leather shoes. After trying them on at home, he found that the shoes did not fit. Then he got the idea to present them to others as a gift, but nobody liked them. (The director of public utility bureau interrupted: In reality, those who are engaged in panic buying are hopelessly stupid people.) Those hopelessly stupid people are often honest people. They find it difficult to save a little money. (A man from Nankai District interrupted: Some people said at the Wuhe shopping center a few days ago that they did not know whether the prices of these goods would go up. Why did Mayor Li not say anything about this?) (laughter) The undertakings in Tianjin are owned by the Tianjin people as well as by the state. With limited money, the people want no price hikes. In this way, the government should make subsidies. When will the prices of goods be rationalized? The prices of goods should be rationalized in a step-by-step manner. Nothing will be attempted in haste. At present, some people are engaged in panic buying. Under a panic buying situation, we cannot begin to talk about the rationalization of prices of goods as there will be no accurate prices. It would not be good for the people to be

in a state of anxiety. We must set the people's mind at rest. What I said means to stabilize the people's life. Our government department is trying every possible means to attain this.

Tianjin Made Such a Situation Thanks to the Great Efforts Exerted by the People. [subhead]

Today, I came here to solve many problems and talked too much. Perhaps, the masses of the dwellers in other districts may ask why the mayor held dialogues and provided service in Wangdingdi but not in their residential districts. I think that wherever I go, things will be the same and problems will be solved. Just like going to a fair, I will make a deal with whomever I meet. (laughing) The people in Tianjin have actually made great contributions to stabilizing the situation, and some people have even sacrificed their interests. The efforts that we have made are inseparable from your support. Your support itself is a force since we are agitated by your support. What we are afraid of now is getting nothing but a scolding no matter how hard we have tried. In this way, we can do nothing. If the scolding is correct, we will give heed to it. However, we will feel discouraged if people regard whatever we have done as wrong. We are human beings. Don't defy leading persons. As human beings, they will feel tired sometimes. If they get nothing but a scolding for whatever they have done as if they owe everyone a debt, why should they serve as leading persons? In my opinion, I can do business and construction work, why should I now take on the pains of serving as a leader? The masses and leading persons should depend on each other. The masses need leading persons to do solid work in service to them, and leading persons also need the masses to make allowances for their difficulties. Only in this way can we make our work successful. Depending on one side alone will not work. We should say that it is precisely because of the fact that the government carries out work to benefit the people and the people pool their efforts in support of the government that Tianjin has created such a situation over the past few years. We have completed a great amount of work over the past few years. People say that our Tianjin has become an "upstart" in many areas. Take drinking water. In the past Tianjin people drank salty water, and now they "get rich quick," having not only more water than Beijing but also the best quality water in the country. Take gas. We had almost no gas pipes in the past, occupying no place in the country, but now we stand up and attain the first rank in the country. Take transportation. Tianjin's roads were not good in the past. Small roads in the leased territory confused the people about directions, and there were small lanes everywhere making the people spend a lot of time going a very short distance. In 1981, when Comrade Guo Chunyuan and I returned to Beijing, we could not get out of Tianjin in 2 hours' time, moving one moment and stopping the next. Guo Chunyuan said: "Very interesting. I am in charge of the planning commission, and you the construction commission, and now we cannot get out of Tianjin." Now our transportation can be ranked as the

best among large cities. When the east station is completed, our changes will be even greater, and the vehicular flow capacity will be much greater than in the past. This station, covering an area of more than 200,000 square meters, can be ranked as the best in Asia. When completed in October, the outer ring road, a 10-lane road, will be the widest road in the country. We have "3 ring roads which have 14 radiating lines." A section of the inner ring road and some radiating lines have yet to be completed. In the area of transportation, Tianjin is also an upstart. Take city appearance. Tianjin has gotten rid of the status as the most despised city. Now there are many people coming to Tianjin for a visit. They come to see the city's appearance and the greening of small residential areas. Your area has yet to improve. When you have done your work well, you will be like the Tiyanbei and Dingzigu areas. In particular, the mental outlook of the people throughout the municipality is the best in the country. People are fairly harmonious and, in general, are fairly satisfied. Although the people have few complaints, generally speaking, we are still full of promise and the people have not lost their confidence in us. The lower levels continuously obey what the municipal party committee and the municipal government have said. Some other places envy Tianjin's situation. For instance, Tianjin's social order is among the best in the whole country. The situation that we have today was not easily won but was created with difficulty. Last year before the convocation of the 13th Party Congress, the matter concerning transferring me to Beijing was actually talked about for a period of time, and leading comrades of the central authorities really held talks with me. At that time, I sighed with emotion. I cherished a deep affection for Tianjin. I said that I truly did not want to leave Tianjin. However, I had to make ideological preparations for leaving Tianjin. At that time, I had an idea of doing more before leaving Tianjin. So, I divided my daily work schedule from three units (morning, afternoon, and evening) into four units. I inspected three roads that morning. The first road I inspected was Hongqinan Road. Today, this road is open to traffic. Another road that I inspected was Yibai Road. There was also a project to widen Jinzhonghe Street. After inspection, we collected 10 million yuan to widen these three roads. At today's heart-to-heart talks, I want to explain that Tianjin's situation was not easily created. The municipality can occupy a proper position in the country thanks to the great hardships and efforts made by the people from higher to lower levels throughout the municipality. Now, we have a sense of honor and a sense of pride when we say that we are Tianjin people in other provinces or cities. The people say that Tianjin people are full of enthusiasm. Foreigners in Tianjin maintain that the situation of Tianjin is good and Tianjin is full of vitality and vigor. The situation that we have today was not easily won and was gained through the people's arduous struggle. The people in Tianjin have put in great efforts. We cannot say that nobody has complaints. However, the complaints are made honestly and are opinions on better developing Tianjin. As far as some individuals' opinions are concerned, we can do nothing

about them. Under the current situation in which inflation exists throughout the country, in which people succumb to panic buying of market commodities, and in which people are in a state of anxiety, it is not easy for the people in Tianjin to attain today's achievements. I hope that from now on, the vast number of the masses will continuously fight together with us. Under the supervision of the masses, we will certainly go all out to do things for the people, actually work in cooperation with the masses to develop the gratifying situation of Tianjin that was not easily created, and strive to develop Tianjin better. The Tianjin station will be completed on "1 October." Many people will come to visit the station. Airport construction will start. The expressway will be open to traffic next year and the "3 ring roads and 14 radiating lines" will be completely open to traffic. There are increasingly more good deeds in Tianjin. The situation is very good. However, there are still many problems. Although many things have been accomplished, many things that should have been accomplished are left undone. We must make great efforts to solve these problems. We must gain your forgiveness and support. Only when we cooperate with each other will there be prospects for Tianjin.

Thank you, fellow comrades, for conveying our thanks.

Northeast Region

Liaoning's Quan Shuren at Commendatory Meeting
SK3009025888 Shenyang LIAONING RIBAO
in Chinese 8 Sep 88 p 1

[Excerpts] Seventeen outstanding enterprises (advanced collectives) and 22 outstanding entrepreneurs (advanced persons) who distinguished themselves in funding education were commended in Shenyang on 7 September. [passage omitted]

The commendatory activity was cosponsored by the provincial Education Commission and LIAONING RIBAO. Warm, prolonged, and rhythmic applause resounded through the hall when leading comrades, including Quan Shuren, Wang Guangzhong, Lin Sheng, Wang Wenyuan, Wang Chonglu, Liu Yiyun, Luo Dingfeng, Shen Xianhui, Li Wenqing, and Gao Xiasheng, presented glittering cups and certificates of honor, which were decorated with red ribbons, to Comrades Sun Rongjiu, Zhang Yaozong, Liang Xuemu, and Zhang Yujin, amid lively music.

Quan Shuren, Wang Guangzhong, Shen Xianhui, and other leading comrades held the hands of the entrepreneurs firmly, and thanked and praised them for their generous donation and wholehearted and solid work to develop education.

Liaoning Governor Attends Foundation Inauguration
SK3009031088 Shenyang LIAONING RIBAO
in Chinese 8 Sep 88 p 1

[Excerpts] Amid drumbeats and congratulatory speeches given by young pioneers with fresh flowers in their hands, a ceremonious meeting for the inauguration of the Liaoning Provincial Teachers Award Foundation was held in Shenyang on the morning of 7 September.

Shen Xianhui, vice chairman of the provincial CPPCC Committee, presided over the meeting. Attending were 250 persons, including representatives of enterprises and entrepreneurs who were recently selected for their outstanding support to education, representatives from education circles, noted figures from various circles, and representatives from party, government, and army organs.

Also attending were party, government, and army leaders, including Quan Shuren, Wang Guangzhong, Wang Chonglu, Liu Yiyun, Luo Dingfeng, Lin Sheng, Wang Wenyuan, Li Wenqing, and Gao Xiasheng, veteran comrades of the province, including Yang Kebing and Liu Wen, and leading comrades of the various provincial departments, and various city party committees and governments.

Song Renqiong, vice chairman of the Central Advisory Commission; Li Tieying, member of the Political Bureau of the CPC Central Committee, state councillor, and minister in charge of the State Education Commission; and Li Guixian, state councillor and governor of the People's Bank of China, sent congratulatory messages and letters to the meeting. [passage omitted]

On behalf of entrepreneurs throughout the province, Chen Shinan, deputy chief director of the Anshan Iron and Steel Company, spoke at the inaugural meeting. Quan Shuren, secretary of the provincial party committee; Wang Guangzhong, chairman of the provincial People's Congress Standing Committee; and Wang Wenyuan, provincial vice governor, gave important speeches. After affirming the achievements scored by the education front of our province, Comrade Quan Shuren pointed out: The contradiction in the lack of education funds for primary and middle schools of our province remains very acute. How should we solve this problem? First, we should implement the system under which elementary education is managed at different levels, and continue to increase the education funds allocated by finance departments at various levels, which are the major channel. Second, we should continue to mobilize forces from all over the society to raise funds through various channels. Through the establishment of the teachers award foundation and propaganda on raising teachers award funds, the people's education sense will be further enhanced, the whole society will respect, attach importance to, and support education, and education development will be promoted.

Wang Chunshan, director of the provincial Education Commission, also spoke at the meeting.

Northwest Region

Qinghai Meeting Stresses Family Planning
HK2809013188 Xining Qinghai Provincial
Service in Mandarin 2300 GMT 27 Sep 88

[Excerpts] A provincial family planning work conference which concluded on 27 September pointed out that future family planning work in the province should be focused on vigorously publicizing the policies, transforming work in backward areas, and seriously implementing contraceptive measures throughout the province in the coming winter and spring.

Qinghai has scored marked success in family planning work in recent years. The population has shifted from blind to planned growth. According to statistics, the birth rate and natural population growth rate in the province in 1971 were respectively 40 and 32.5 per 1,000; by 1987, these figures had dropped to 17.45 and 12.42 per 1,000. During these 16 years, more than 500,000 fewer babies were born than would normally have been expected. Applying the national standards for expenditure on raising a child from birth to the age of 16, the province would have economized some 1.2 billion yuan and 3.84 billion jin of grain.

Population and productive forces are closely linked. To achieve benign cycles in population and productive forces, it is essential to devote great efforts to promoting family planning. In common with the whole country, Qinghai has now entered a peak birth cycle. We are facing extremely arduous tasks in family planning work. To achieve the target of ensuring that Qinghai's population does not exceed 5.2 million by the end of the century, the meeting demanded that all localities implement each year the population control targets set by the provincial authorities in conjunction with the targets to be met by governments at all levels during their term of office, work out contracts down to each township, and also formulate corresponding management methods.

In view of the fact that family planning is still backward in one-third of the province, the meeting called on all localities to curb the unhealthy tendency of local cadres, staff, and workers to exceed the birth quotas. It is also necessary to establish family planning organs, put them on a sound basis and ensure that they are sufficiently staffed. [passage omitted]

Vice Governor Bainma Dandzin spoke at the meeting.

Shaanxi City Holds Meeting on Improving Economy
HK2909093088 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 29 Sep 88

[Excerpt] The Xian City provincial party committee and government yesterday held a meeting attended by leading cadres from party and government organs, mass

organizations, universities and colleges, large enterprises and PLA units stationed in Xian, reviewing the present situation in Xian and outlining measures adopted and to be adopted to keep the market, prices, the popular will, and the situation stable. The meeting also called on leading cadres at all levels to achieve unity of thinking and actions in the spirit of the central work conference and take resolute and effective measures to improve the economic environment and rectify the economic order so as to create a favorable economic and social environment for carrying out reforms in a deep-going way.

Mayor Yuan Zhengzhong, who is also deputy secretary of the city party committee, delivered a speech at the meeting. He pointed out: This year Xian City has achieved new progress in its economic development and different social undertakings owing to implementation of the central policies on stabilizing the economy and deepening the reforms. The situation in Xian is stable as a whole. The major problems the city is facing at present are: 1) This year the city has been afflicted with serious natural calamities and especially the (Lantian) district suffered heavy losses. 2) There is a shortage of agricultural means of production and a shortfall in grain output. And irrational prices have chilled the enthusiasm of peasants in grain production. 3) The prices of raw and semi-finished materials are on the rise and the effectiveness of industrial enterprises is continuously being weakened. 4) Shortage of power has created difficulties to

industrial production. 5) Huge fiscal expenditures, and particularly a big increase in price subsidies have brought about tremendous financial difficulties. 6) Cadres and the masses react strongly to sharp price hikes and there are also some factors causing instability in market supplies.

Yuan Zhengzhong also noted: The city party committee and government have decided to take work of keeping the market, prices, the popular will and the situation stable as a matter of prime importance at present. 1) It is necessary to unify the thinking and action of party member cadres with the spirit of the central work conference to overcome with one heart and one mind the difficulties in the course of reform. 2) It is necessary to increase production to guarantee supplies to as to keep the popular will stable and guard against panic purchasing. 3) Continuous efforts will be made to further improve reform measures. 4) Controls will be exercised over social group consumption so as to stabilize the money market. 5) Controls will be tightened over prices and a check on tax, finance and prices will be conducted on a grand scale. 6) Measures will be taken to rectify the market order and crack down on official and non-official speculators and profiteers and lawless persons who disrupt the market order. 7) Severe blows will be delivered at criminals and serious economic criminal activities in an effort to stabilize public order. [passage omitted]

Taiwan Institute To Research PRC Investment
*OW2709231688 Beijing XINHUA Domestic Service
in Chinese 0714 GMT 27 Sep 88*

[Text] Hong Kong, 27 Sep (XINHUA)—Taiwan's "China Economic Research Institute" is planning to undertake 1 year of research on investment in China by Taiwanese manufacturers and businessmen at the request of concerned economic and trade departments, according to a report by Taiwan's ECONOMIC DAILY. The research will include two aspects: 1) a field survey on the investment environment in China and 2) a comparison of investment conditions in China with those in other countries and regions and discussion of the merits and demerits of investment in China. The findings will be submitted to Taiwanese manufacturers, businessmen, and competent authorities for their reference.

Taiwan's "China Economic Research Institute" pointed out that last year alone there were more than 100 manufacturers and businessmen investing in China through various channels. They believe that in time this trend will grow. Even though Taiwan's authorities "do not encourage" investing in China, it will be very difficult for them to ban manufacturers and businessmen from doing so.

The research institute will investigate and study "the possible impact of Taiwan's investment on China." Topics will include: 1) "capital and growth rates, industrial structure and technological level, and foreign competitiveness;" 2) "China's influence on industrial upgrading in Taiwan;" 3) "Taiwan's investment conditions, the Hong Kong model and experience, and the investment environment in China;" and 4) various relevant investment problems concerning individual proprietorship, joint venture, compensation trade, and the processing of materials supplied by foreign businessmen.

Generals Discuss Policy Toward Mainland
*HK2809030188 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1212 GMT 27 Sep 88*

[Report: "Taiwan High-Ranking Army Generals and Leaders Hold Seminar to Discuss Policy Toward the Mainland"]

[Text] Hong Kong, 27 Sep (ZHONGGUO TONGXUN SHE)—Taipei information: Newspapers here disclosed that recently, the Taiwan General Staff Headquarters organized a "Seminar on the Philosophy for High-Ranking Generals and Leaders of the National Army" to understand the principles of the Taiwan authorities' current mainland policy.

Newspapers reported that the seminar was chaired by Hao Po-tsun, chief of staff, who requested high-ranking Army generals and leaders to study Chiang Kai-shek's anti-united front writings, which are of foresight and vision. Hao Po-tsun stressed that the "three no's" policy adopted by the Kuomintang is absolutely not passive or conservative, but the most positive and active "anticommunist policy."

KMT To Hold Forums on Mainland Policy
*HK3009070188 Beijing ZHONGGUO XINWEN SHE
in Chinese 0235 GMT 28 Sep 88*

[Text] Hong Kong, 28 Sep (ZHONGGUO XINWEN SHE)—Reports from Taipei say that the KMT [Kuomintang] leading group for guiding mainland work will hold a series of forums from mid-October to solicit opinions from the public on how to implement the mainland policy, with a view toward ironing out differences of opinion between the government and the public and setting definite work targets.

Taiwan newspapers say the KMT, after having formulated a mainland policy for the present stage during its 13th congress, has held a few forums and symposiums to consult with party and government circles. However, there is still a gross divergence of views between the public and the policymakers regarding many specific measures for the promotion of nongovernmental exchanges between the two sides of the Taiwan Strait. Most public organizations and individuals are calling for "opening and further opening." But the policy-making departments depict these appeals as "blind passion" and "expressions of lower vigilance against the enemy," reiterating that "the mainland work is never a romantic dream but a serious task" and firmly upholding the "three no's policy."

According to the Taiwan press, in order to discover the principal factors contributing to the divergence of views between the public and the policymakers actual needs, Ma Shu-li, convener of the KMT leading group for guiding mainland work, has decided to organize a series of forums on "how to implement the mainland policy." Opinions will be solicited from the public as a reference for policy-making; while propaganda and explanation will be carried out in response to inappropriate views.

Correction to LIAOWANG on Chen Li-fu Proposal

The following correction pertains to the item headlined "LIAOWANG Article on Chen Li-fu Proposal," published in the 28 September China DAILY REPORT, pages 82-85: The edition number in the sourceline should read "No 38" (correcting incorrect edition number "No 39").

Search Under Way for Crew of Sunken Korean Ship
*OW3009050188 Taipei CNA in English 0328 GMT
30 Sep 88*

[Text] Taipei, Sept. 30 (CNA)—Rescue centers of the Republic of China [ROC] and the Philippines have launched a joint air and sea search for the 16 crew members of the Korean cargo ship, the Dae Yang No which sank in the Bashi Channel early Thursday morning.

By Thursday evening, there was still no trace of the missing crew, who were believed to have abandoned ship after they sent Mayday calls.

A radio station on the Kaohsiung coast reported that it picked up the distress signals from the Dae Yang No at about 0300 in the morning. The ship indicated that it was located at 20 degrees 0 minutes north latitude and 121 degrees 10 minutes east longitude.

Moments later a Japanese freighter, the Kohfumaru, which was only two sea miles away from the Korean ship at the time, reported by radio that they had spotted what was believed to be a liferaft from the Dae Yang No, but said the floating object soon disappeared.

The Kaohsiung coastal radio immediately informed the ROC Naval Operational Center and the Taipei Armed Forces Rescue Center about the mishap. The two units then started the air and sea search and at the same time requested assistance from the Philippines.

The Kaohsiung harbor authorities said they had little information about the Korean ship, such as its tonnage and course. Nor do they know why the ship sank.

The Kaohsiung coastal radio meanwhile has been directing merchant and fishing vessels near the area of the accident to join in the search.

Paraguay's Stroessner To Visit 7-11 Oct
*OW3009033588 Taipei CNA in English 1445 GMT
29 Sep 88*

[Text] Taipei, Sept. 29 (CNA)—Paraguayan President Alfredo Stroessner will arrive in Taipei on Oct. 17 aboard a special flight to visit the Republic of China [ROC] and to participate in a military parade to be held on the occasion of the ROC's Double Ten National Day.

President Li Teng-hui and ranking government officials will greet Stroessner at the Sungshan Airport, where the Paraguayan president will receive full military honors.

This will be Stroessner's second visit to the ROC. He made his first visit to the nation in September 1976.

While here, Stroessner will issue a joint communique with the ROC government.

The Paraguayan visitor is scheduled to leave Taipei on Oct. 11.

Export, Import Firms Urged To Expand Capital
*OW2909152588 Taipei CNA in English
1105 GMT 29 Sep 88*

[Text] Taipei, Sept. 29 (CNA)—Local exporters and importers should strengthen their financial structures through capital expansion in order to compete effectively in international markets, a top trade official urged Wednesday.

With the exception of electronics items, Taiwan's leading export products, including textiles, electrical appliances and food stuffs, have all faced the same problems of increasing international competition, dwindling markets and shrinking profits, the official noted.

Under such difficult circumstances, the only way local manufacturers can meet the challenge effectively is to strengthen their financial backing in order to develop high value-added products for high-end markets, he added.

As of the end of August, there were 77,200 registered exporters and importers, the official statistics showed. Among them, nearly 16,400 firms or 22 percent of the total, had paid-in capital of less than NT [new Taiwan] dollars 5 million, the official noted.

Furthermore, another 5,200 firms had accomplished no export or import transactions at all since 1987, the official added.

He noted that the government has promulgated regulations aimed at pushing local exporters and importers to improve their financial structures.

Under the new regulations, a firm registered to engage in either exports or imports is required to have a minimum paid-in capital of NT dollars 5 million. Existing firms which are not up to this standard are required to expand their capital before the end of this year. Otherwise, they will be banned from engaging in the export and import businesses, the official said.

Hong Kong

Trade Head Welcomes U.S. Veto of Textile Bill

OW2909191288 Beijing XINHUA in English
1513 GMT 29 Sep 88

[Text] Hong Kong, September 29 (XINHUA)—The decision made by the U.S. President Ronald Reagan to veto the protectionist textiles and apparel trade bill was welcomed in Hong Kong today.

The director of trade of Hong Kong, Michael Sze, said that the decision had been expected, according to a news release of the local government.

The U.S. Administration had said many times that it was opposed to the bill, he noted.

"We understand that an attempt to override the president's veto may be made in the House of Representatives next week," Sze was quoted as saying.

"We were mildly encouraged by the failure of the bill's supporters to master a two-third majority in the House last week.

"We hope that they will again fail to do so on the override vote and that this dangerous bill will then die," he said.

"However, we are under no illusions, even if they fail this year, the textile lobby will try again next year," he added.

Public Poll Reflects Mixed Feelings About 1997

HK3009031388 Hong Kong SOUTH CHINA
MORNING POST in English 29 Sep 88 p 8

[By Ann Quion, Andy Ho, Chris Yeung and Stanley Leung]

[Text] The Basic Law Consultative Committee (BLCC) is the official organ entrusted by Beijing with the task of collecting local public opinion on the draft mini-constitution for the post-1997 Hong Kong Special Administrative Region.

Key BLCC officials, however, made it clear from the start that they would not conduct any scientific survey to gauge the views of the Hong Kong people, due to the complexity and technicality of the subjects involved.

Instead, it appears the 176-member committee is relying primarily on press reports and submissions by concerned groups and individuals.

The committee has organized a series of meet-the-public sessions for residents to air their views, but attendance has been very poor.

Up to early this week, the BLCC had received about 62,000 submissions from individuals and organizations during the consultation period.

However, this figure includes the 60,000 letters submitted by the Joint Committee for Promotion of Democratic Government during a "one-man-one-letter" campaign to solicit support for direct elections.

The opinion poll, commissioned by the SOUTH CHINA MORNING POST and MING PAO and conducted by Survey Research Hong Kong Ltd (SRH), is seen as an active way of seeking the opinions of the silent majority.

The survey findings will be sent to the BLCC to help make the current consultation, which ends tomorrow, more comprehensive. The first territory-wide opinion poll on the Basic Law reflects the mixed emotions locals feel in the face of the 1997 changeover, ranging from anxiety and ambivalence to down-right fear.

While the majority of the adult population clearly acknowledges the significance of the Basic Law and believes it will provide the legal basis upon which to hang the territory's continued stability and prosperity, many appear resigned to the grim fact that their fate is intertwined with the future of China.

More than half of those polled believe attempts to gauge local opinions on the Basic Law are meaningless.

No matter how good, bad or indifferent the final product, the Basic Law will pale into insignificance in the future. That's because locals believe that Hong Kong's future will not be safeguarded by fancy words or promises, but by who is in power in China after 1997.

The China factor is the main reason underlying the disturbing finding that one out of three adults has little faith in the much promised but as yet untried formula of "one country, two systems."

Such fears are worsened by the shared belief that some of the promises made by Beijing in the 1984 Sino-British Joint Declaration on Hong Kong's future have already been rescinded in the draft.

The sceptics, and they are abundant in the poll, point to controversial provisions which leave Hong Kong vulnerable to interference from Beijing in the day-to-day affairs of the Special Administrative Region which Hong Kong will be called on July 1, 1997.

Such interference, they believe, will simply turn provisions of the Basic Law into empty promises.

What's the point of protecting human rights in the Basic Law if the constitution is subject to the interpretation of the Chinese National People's Congress, China's legislature, they ask.

Although Mr and Mrs Average make no claims to understanding the lace-like detail of the intricacies of the Basic Law draft, they have voiced in no uncertain terms the broad principles that should be maintained if they are to feel confident about their future here.

To many, the promise of a high degree of autonomy is not just a high sounding principle. It means the guarantee that locals will be allowed to maintain the same freedoms tomorrow as they do today—the freedom to travel, of association, of speech, and human rights.

If Beijing is listening, there is a clear message from the silent majority—China should avoid interfering in local affairs, allow Hong Kong a larger measure of democracy and freedom and a high degree of autonomy, if it wants to maintain confidence in the territory.

Although 70 percent agree with democracy as a concept, the split in views on how much an element of direct elections should be allowed in the legislature suggests that Hong Kong people are confused about the kind of political structure they want after 1997.

On the one hand they want to maintain the capitalist system and lifestyle that has served them well, but they also want a larger measure of democracy. This is reflected in their wish to choose their own chief executive and an element of direct elections in the legislature.

Scholar on Public Apathy Toward Basic Law
HK3009044388 Hong Kong SOUTH CHINA MORNING POST in English 30 Sep 88 p 7

[By Chris Yeung]

[Text] A leading political scientist says growing public indifference to the Basic Law is inevitable.

A Chinese University senior lecturer in government and public administration, Dr Joseph Cheng, was commenting on the results of a survey sponsored by the SOUTH CHINA MORNING POST and MING PAO which showed no strong preference for the proposals in the draft.

The survey was the largest conducted so far on the draft whose first round of consultation ends today.

Dr Cheng said the survey indicated that the general public was resigned to the fact that, while Beijing holds ultimate control they have no choice but to stay in the territory, because any proposals will make little difference to them.

He said: "The greatest implication is that it will be extremely difficult for any groups to drum up support from the apathetic public to change anything in the future."

"Beijing can also simply neglect public views to change the draft because there has not been any strong aspirations for anything."

"While there has been a clear consensus among the elite for amendments over some provisions such as interpretation and the courts' jurisdiction, it is depressing that the general public has not shared the concern."

"There's no way to push for any changes as long as the public does not care."

"They have returned to traditional political apathy."

"The survey has its own value in testing public attitudes, but there has been a noticeable lack of full understanding on the technical issues such as the implication of different nomination procedures," said Dr Cheng.

However, leaders of the two major coalitions on the Basic Law—the conservative Group of 88 and liberal Group of 190—both claimed the findings showed stronger support for their proposals.

A spokesman for the liberals, Mr Yeung Sum, said he was happy that the poll had confirmed that the majority of local people want a "one man, one vote" system to elect the future chief executive.

He also quoted a finding that showed only five percent of people believe that practising democracy could cause social unrest and damage the capitalist system.

Admitting that both the Group of 88 and Group of 190 proposals met a similar degree of support, Mr Yeung maintained there was majority support for universal suffrage and a low preference for the grand electoral college system.

According to the survey, about 60 percent of respondents want the future chief executive to be elected by universal suffrage, followed by members of the electoral college (16 percent) and an advisory group (four percent.)

An apparent contradiction of results emerged when respondents were asked whether the five relevant options in the draft were favourable or not.

They were not asked to list their preference.

The survey found 60 percent favour the Group of 88 idea of electing the future chief executive by grand electoral college.

Slightly fewer, 58 percent, favoured universal suffrage with nominees approved by 10 percent of the legislature proposed by the liberals.

Mr Yeung doubted the degree of support for the Group of 88's proposal because the public are likely to have mixed up the grand electoral college system with universal suffrage.

He said: "It's likely that many thought the electoral college would only nominate the candidates who are to be elected by universal suffrage."

"If not, it is difficult to explain why only 16 percent say they favour the grand electoral college, but on the other hand another 60 percent support the proposal of the Group of 88," said Mr Yeung.

A spokesman of the business and professional lobby, Mr Vincent Lo Hong-sui, said they were encouraged by the findings but had reservations about polls.

While there were contradictions in the results, he maintained the degree of support for their proposal had been significantly higher than others.

A deputy secretary-general of the Basic Law Consultative Committee (BLCC), Mr Shiu Sin-por, said the public seems to have shown a degree of strong support over everything in the survey.

He said they have so far received five public surveys on the draft, adding that they had yet to decide on how to handle the results.

Mr Shiu said it was too early to say whether a poll should be conducted by the BLCC in the next round of consultations.

Liberals Win Pledge From Beijing on Consultations

HK3009025788 Hong Kong SOUTH CHINA
MORNING POST in English 29 Sep 88 p 8

[By Bellette Lee]

[Text] Senior Chinese officials have promised that any consensus reached by different political groups in Hong Kong will be taken into consideration by Basic Law drafters when preparing the second draft of the mini constitution.

Leading democrat and local drafter, Mr Szeto Wah, last night described the promise as the most important achievement of a last-minute lobby to Beijing by a group of liberals.

Mr Szeto was speaking at the airport after the group returned from a brief visit to the Chinese capital.

Group members met deputy director of the State Council's Hong Kong and Macao Affairs Office, Mr Lu Ping, and other key drafters.

Mr Szeto quoted Mr Lu as saying that Hong Kong people could air their views so long as the Basic Law was not yet finalised.

This was despite a move by the Drafting Committee's sub-group on political structure to come up with its own compromise proposal on the controversial topic of the Special Administrative Region's (SAR) political system.

Mr Szeto said the sub-group would meet in November to discuss its own compromise model, compiled because proposers of various models in Hong Kong have so far failed to reach any consensus.

However, Mr Szeto said the group was told that the compromise would be based on the existing proposals.

Mr Lu also assured the liberals that should the rival groups in Hong Kong reach any consensus after the November meeting, their common views would be respected and given weight by the Drafting Committee, although it might not be accepted entirely, said Mr Szeto.

He said the discussions had been friendly and constructive, and the group had been satisfied with the open-minded attitude of the Chinese officials.

There had been fears that China would be forced to make a decision and come up with an unpopular model for Hong Kong's future political system if the liberal and conservative groups could not agree on a compromise.

While the first round of consultation on the draft ends tomorrow, the liberals have suggested to drafters that during next year's second consultation, efforts should be concentrated on the most widely disputed articles.

The group also called for a territory-wide opinion poll, which was ruled out during the first consultation.

Mr Szeto said it was agreed that there should be a democratic start to the future political system, with an ultimate aim of introducing universal suffrage.

The drafters were also aware of criticism over certain Basic Law articles, which would be further discussed in sub-group meetings and would be amended, he said.

In addition, Mr Szeto said Mr Lu explained why Drafting Committee chairman Ji Pengfei had objected to electing the first chief executive by one-man-one-vote.

Mr Lu claimed that direct election of the SAR head should not take place in 1997 as Hong Kong still lacked a consensus on the pace of political development.

Moreover, Mr Lu said it would infringe China's sovereignty to elect the chief executive when Hong Kong was still under British rule with elections held according to Hong Kong's laws.

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